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24 February 1983

## NEAR EAST/SOUTH ASIA REPORT

No. 2713

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OPEC'S NGUEMA ON OPEC'S CURRENT PLIGHT

AU101430 Vienna KURIER in German 10 Feb 83 p 5

[Wolfgang Simonitsch interview with OPEC Secretary Nan Nguema, presumably in Vienna--date and place not given]

[Text] Kurier: Anyone leafing through the newspapers these days sees headlines like "OPEC, the most powerful cartel of all time, collapses," one OPEC country fights the other, oil prices drop, the Shaykhs are unable to do anything about it. How does the OPEC secretary general assess the situation?

Nan Nguema: "First of all, I should like to say something about the organization: OPEC is still very strong and will certainly survive. My second answer has to do with the world oil market. As you know, we are presently in a serious international crisis for which, however, OPEC is not to blame as is widely asserted, but rather the economic managers of the industrialized countries. Now we are facing a big problem which results from the declining demand for oil. World oil consumption was about 50 million barrels per day a few years ago; today it is only 45 or 44 million. At the same time, oil producers which are not OPEC members have increased their output. The difference between these countries and OPEC, however, is that we are acting with a sense of responsibility. In other words, if we sell, we agree on a price structure. The non-OPEC producers, however, are seeking to gain a larger share of the market, and to this end they undercut OPEC prices. This is rather irresponsible because it leads to a situation where the competitive struggle is waged through prices."

Kurier: There have been reports that OPEC, too, is producing too much, for example, because two of its member countries, Iran and Iraq, are at war and dumping lots of oil to finance this war.

Nan Nguema: "Many people assert that these two countries are oil exporters. In fact though they are not. Certainly this war is not making certain decisions very easy for us, and there is a politically rather unfavorable background. But this is only a minor factor. What counts rather is that because of the declining oil business we are not making enough money to ensure our economic development."

Kurier: OPEC is trying in one conference after another to make production cuts so as to be able to keep prices up. It has not succeeded in achieving this

oil, however, because each member country has to produce as much as possible because it needs a great deal of money....

Nan Nguema: What you say is right. However, I would like to tell you something which people certainly do not know. We are not automatically publicizing every OPEC decision. Our last meeting in Geneva, for example, was described by the Western press as a complete failure. True, it is difficult to distribute a production volume of 17 million barrels among our member countries, but we made a great deal of progress in that direction. Only, what was achieved was not specific enough. That is why we are not saying anything about it yet."

Kurier: What does the decline in the demand for oil concretely mean for OPEC's financial situation?

Nan Nguema: "It means a great deal. For the first time we had a deficit. We lost more than \$150 billion."

Kurier: And what do you expect for this year?

Nan Nguema: "We do not believe in a genuine increase in demand. This means that it will be another very difficult year for us."

Kurier: With a still greater deficit?

Nan Nguema: "This will depend on the development of prices. However, I believe that we will be able to maintain the current price."

Kurier: There are observers who are already warning about the next oil crisis. Do you consider such a development possible?

Nan Nguema: "You know that quite a few alternative projects have now been stopped. This can automatically lead to problems if the demand for energy can be met only through oil."

Kurier: There are other experts who believe that oil prices might soon drop from \$34 to \$20. Do you also believe that?

Nan Nguema: "It is difficult to imagine that the price will go down to \$20. Here I am thinking not so much of OPEC but of those people who have invested a lot in the oil business. They are from the West. No one wants to go bankrupt. Hence neither the banks in Europe and America nor the oil industry in these states will permit the price to decline that much. We in OPEC would, of course, also earn less at a \$20 price, but we could continue to sell and to increase our share in the market."

"If we were to do this, the North Sea oil companies would go bankrupt because we in OPEC produce oil at a cost of no more than \$7 per barrel. While the North Sea companies have to spend \$15-\$18 per barrel. We could stand such a price and still make profits. Saudi Arabia, for example, produces its oil at a cost of only \$1.5 per barrel, while the most expensive North Sea production cost per barrel is over \$20."

Kurier: Nevertheless, what are OPEC's plans to improve the present situation?

Nan Nguema: "We are having a lot of discussions about what we could do. What astonishes us, however, is that all those who normally are against us now expect us to stabilize the market. Everyone is counting on us. We are to save everything."

Kurier: But there are grave problems even in the oil-producing countries, as for example in Nigeria, where millions of guest workers have recently been expelled....

Nan Nguema: "Let me tell you just one thing in this context: In the West it is customary always to talk about measures. Well, Nigeria has been compelled to let many people go because it is experiencing a crisis. The problem results from the fact that Nigeria is no longer able to sell its oil. This is a result of the irresponsible manipulation of the oil-importing countries which especially now are very egotistic. Their interest in international problems is confined to those that affect them. The United States or any big West European country is interested in oil only if it benefits its own economy, and they do not care whether the oil-exporting countries benefit in any way through the purchase. Why do they not give Nigeria the legitimate right to earn enough to meet everyone's needs? All they are interested in is how much oil costs them."

Kurier: Have there been similar problems in other member countries as well?

Nan Nguema: "There are many political problems, but they are non of our business. Our problem is the oil market. And that problem is serious enough."

CSO: 4400/194

INTERNATIONAL AFFAIRS

SAUDI OIL MINISTER ON OPEC POLICIES

LD111616 Riyadh SPA in English 1350 GMT 11 Feb 83

[Text] Riyadh, 11 Feb, SPA--Saudi Petroleum and Mineral Resources Minister Ahmad Zaki Yamani, in a wide-ranging interview with the weekly magazine IQRA' published here yesterday, dwelt at length on the oil crisis and difference of views among OPEC members.

He began by noting that the oil crisis was the result of a drop in consumption, and subsequently in OPEC's share of the market, to about half what it was. This was separate from the divergence of views among OPEC members on certain issues because of the variance in their interests, he said.

The minister recalled that the crisis began long before OPEC's latest conference held in Geneva "although it was felt as it should be only last year." [Sentence as received]

Mr Yamani said the divergence of views existed ever since OPEC was created, but it intensified recently for two reasons:

"The first is that interests within OPEC differed more than hitherto and certain members continued following a policy of imposing their short-term interests on our long-term interests at a time our patience was exhausted.

"The second reason is that the output to be shared is very small, and some members reached a stage of financial suffocation while others exercised radical arrogance. Saudi production reached a limit beyond which it could not go except through closing down our plants operated by gas by-product, and this means reducing the quantities of desalinated water and the consumption of power, even during the hot summertime.

"Accordingly, the kingdom, which had been assuming the role of flexible producer, will have to cease doing so in a downward trend and the others will have to shoulder responsibility for the mistakes they committed," he added.

Elaborating further, Mr Yamani said that certain OPEC members used to compel Saudi Arabia to raise it despite the kingdom's warnings of the serious consequences. [Sentence as received]

He added that the crisis began at the OPEC meeting held in Bali in December 1980 "when [we] were compelled to raise Saudi oil price from 28 to 32 dollars per barrel in the hope prices would then be unified.

"Some promised to do so, but shortly after the conference they raised the price to 36 dollars and reinstated the gap," he said.

In reply to a question on whether Saudi Arabia had warned of the crisis before it took place, the minister said the kingdom had done so several times.

He pointed out that since late 1979, while OPEC held its conference in Caracas in December that year, he told journalists he expected a surplus in production within a year, and this would increase in 2 years time and lead to a sharp drop in consumption and an oil glut resulting in a conflict within OPEC and a collapse in prices.

The minister went on to say that he had also noted that it would then be "impossible to stop the collapse unless we ceased to raise prices."

My Yamani, replying to further questions, explained that the price of oil should be fixed on the basis of supply and demand. "Demand for oil since 1979 and 1980 was stockpiling oil for fear of political developments leading to shortage such as the Iranian Revolution," he said. [Sentence as received]

Asked about the reasons for the kingdom's agreement to raise the price of 28 dollars, the minister recalled a lecture he had given at the University of Petroleum and Minerals in Dhahran 2 years ago in which he explained the dangers resulting from a price hike.

He said "at the time people were interested in reducing production and it was not known that had it not been for our high production and acceptance with reluctance that our oil price be lower than that of others, prices would have shot up to more than 40 dollars per barrel, as planned by certain OPEC members, and the present crisis would in fact have been a catastrophe.

Mr Yamani said that his remarks during the lecture were met with surprise when he noted that Saudi production would drop to five million barrels or even less in the near future.

Asked whether he believed the price rise was the only cause for the current crisis, the minister said that was true but the "behavior of certain producers and consumers made it more serious."

He added that after the agreement reached last March on a production ceiling and quota for each member state as well [as] on abiding by certain prices, some members began adopting a serious policy, namely selling at less than the set price in order to sell the biggest possible quantity.

Moreover, some of these countries were allowing discounts openly and others did the same indirectly, he said. As a result, he went on, prices again dropped after having risen in the wake of the March conference, and Saudi production

dropped equally to the quantity increased by non-committed members. "We began losing our markets and companies dealing with us began losing more and more, and those suffering with us were GCC member states which totally abide by OPEC resolutions," he said.

Answering further questions, Mr Yamani said that in fact North Sea oil prices had dropped informally. It seemed the British Government did not wish to start officially reducing the price but advised the buyers that the price would be backdated from 1 February.

He added that other countries had also begun reducing their prices, such as the Soviet Union which he noted had significantly lowered its price. American companies operating within America did the same and some small producers also lowered their prices, the minister said.

Mr Yamani added that it was difficult to predict future developments within OPEC in a categorical manner. "On the one hand, I consider a price reduction inevitable, while on the other certain countries will try to oppose this.

"Unless a decision is taken by the organisation, the matter will be left up to members to act independently and this may result in a harmful confusion," he said.

Asked about the future, he said he was "very optimistic as demand will start increasing as a result of price reduction, the world economy will be revived, industrial consumption will increase and the competition posed by coal against fuel oil will weaken."

Mr Yamani also noted that the consumers' stockpiles had significantly dropped and could no longer be used as a pressing card.

He affirmed, in reply to a question on the future of OPEC, that the organisation would continue to exist and said it served the interests of both its members and the consumers. He added that OPEC would emerge strong from its current crisis if it drew a lesson from past experiences.

Moreover, the main producers outside OPEC have now come to know that to compete with OPEC will be harmful, not useful, and accordingly they may find it in their own interest to mend fences with OPEC, Mr Yamani said.

Asked whether they expected a new oil crisis in the future, the minister said the 1973 and 1979 crises were due to political reasons, the former because of the October Arab-Israeli war and the latter because of the Iranian Revolution.

Replying to a question, Mr Yamani agreed that the only way to increase oil consumption was to lower the price, but said this was bitter medicine in any case, as there were those who would be harmed by such a solution since it would mean a drop in oil royalties this year.

An expected effect of the rise in consumption will not be felt quickly during the coming few months and there are certain countries outside OPEC which played an effective role in shaking the market, and these will be seriously harmed by a non-controlled drop in prices, he added.

The ministers also noted that some harm would also befall American banks serving as creditors to small companies within America or to its neighbour, Mexico.

Mr Yamani went on to say that political reasons with similar effects could not be ruled out in the future.

"However, should this take place the consumers who banked on their stockpiles will have a painful lesson as they are in a difficult situation now and a disruption in supplies will place them in a serious position," he said.

"But if no political upheavals take place, I expect a balance in supply and demand around 1987, and a price of oil based on the supply and demand factor will be the only effective way to avert petroleum crises," the minister added.

He said in reply to a final question that establishing cooperation between producers and consumers had now become necessary more than ever.

"I believe that those from both sides who stood in the way of such cooperation will change their stand after the lessons we had in 1979 and 1980 as well as during the current phase," he added.

CSO: 4400/194

INTERNATIONAL AFFAIRS

BAGHDAD REPORTS APU FINAL STATEMENT

JN110856 Baghdad Voice of the Masses in Arabic 0800 GMT 11 Feb 83

[Text] Rabat--The 13th Arab Parliamentary Union [APU] session has called on the Arab nation's masses and governments to immediately implement the FES summit resolution and extend all forms of support to Iraq in its legitimate defense of its national sovereignty and people's security.

In a final statement issued in Rabat at dawn today the Arab parliamentarians expressed concern over any Arab action conflicting with the FES summit resolution. The statement denounced the Iranian regime's intransigence and rejection of international mediation efforts. It called for an immediate cease-fire for the sake of establishing a just, honorable peace which guarantees the rights and national sovereignty of the two warring sides and which prevents any interference in their internal affairs.

It also called on the two sides to begin negotiations in order to peacefully solve their conflict, spare bloodshed, avert destruction and safeguard security and stability in this sensitive region in accordance with the international charters and agreements.

The statement expressed appreciation for Iraq's positive initiative as represented by withdrawing its forces to the international borders. It stressed the need to adhere to the resolutions adopted by the FES summit and the 12th APU session in Kwaut, which emphasized Arab commitment to defend all the Arab lands and to consider any aggression against any Arab country an aggression against all the Arab countries out of the principle of solidarity and unity of Arab ranks.

On the Palestinian question, the statement called on the Arab Government to increase their aid to the Palestinian people's steadfastness in the occupied territories. It also called on these governments to adopt all possible measures to ensure the release of the Palestinian in the mass detention camps set up in Lebanon by the Zionist forces.

CSO: 4400/194

ARAB NATIONALISM DISCUSSED IN TERMS OF KORANIC PRINCIPLES

Kuwait AL-'ARABI in Arabic No 290, Jan 83 pp 32-35

[Article by Dr Muhammad Jabir al-Ansari: "Nationalism Is a Confirmed Fact in the Koran"]

[Text] At first thought one thinks that the Holy Koran, in so far as it is a religious book and a universal, divine solicitation to all people, would be directly opposed to nationalism. This is what common people and a few educated people think. [They think that] the Koran refutes nationalism, cautions against it and forbids advocating it. But this is far from the truth about the Koran.

The Koran which included cosmic, historic and social phenomena, could not have denied a historical, social and humanitarian phenomenon such as nationalism, a phenomenon that is deepseated in the material world, in history and in the makeup and nature of human beings.

I believe that unequivocal and decisive Koranic texts can settle the debate on this question which has been the subject of a major, serious controversy in Arab and Islamic life and is still creating controversies and problems and impeding the progress of this nation toward sound development.

Let us stay then with the Koranic texts on this subject, and let us follow their clarification of this human fact so we can determine the truth about Islam's attitude toward the question of nationalism.

The Course of Realism in the Koran

The Koran acknowledges the true meaning of diversity, multiplicity and differences in the material reality of human beings when it sets out to consider in its realistic manner cosmic, natural and human affairs.

The Koran says, "Among His other signs are the creation of heaven and earth and the diversity of your tongues and colors. Surely there are signs in this for all mankind" (al-Rum: 22).

Thus, among God's indisputable signs which Muslims have to accept and believe in is that of the difference in people's "tongues and colors." Differences in tongues of course mean differences in languages and, accordingly, differences in culture, literature, the arts and philosophy, since language is the catchall for

all this. Language then is the ingredient that affects this heritage categorically and organically. As modern language studies have proven, language is not merely [a set of] sounds; it is rather a psychological and intellectual reality that leaves its mark and its imprint on everything that is written in that language. The Holy Koran itself establishes the extent of language ramifications by reiterating its Arab character in many of its verses. One of these verses states, "We have given mankind in this Koran all manner of arguments, so that they may take heed. We have revealed it in the Arabic tongue, a Koran free from all faults, that they may guard themselves against evil" (al-Zumur: 27-28).

Let us consider these two qualities of the Koran and the connection between them. That is, [let us consider the Koran as a book], "in the Arabic tongue, free from all faults."

Among all languages and tongues God chose the Arabic language to be the trusted medium for conveying the divine, cosmic truth of the Koran to all of humanity. This must have come about for a reason that has to do with the nature of the close link between the truth of the Koran and the true nature of the Arabic language. It must have something to do with the propriety of the Arabs' language for the facts and the wondrous nature of the Koran. It must have something to do with the fact that of all human languages and tongues the Arabic language is the one that can demonstrate the wondrous nature of the Koran. Thus the Koran was revealed to strengthen the organic merger between its divine truth and its Arab character: "a Koran free from all faults," or rather "a Koran in the Arabic tongue, free from all faults."

Thus, the Arab character of the Koran, which is like its second nature, is mentioned after its absolute, divine character. Describing the Koran as perfect--"free from all faults"--is thus linked with the fact that it is in Arabic. And yet, the fact that the Koran is in Arabic is mentioned before the Koran is described as perfect--for there is a reason and a purpose for the position of every word in the inimitable Koran--as though Arabic were one of the essential characteristics of the Koran, a part that complements its perfection. If the inspiration or the holy spirit were the divine means by which the Koran was conveyed from God to the messenger, then Arabic, after the end of inspiration and the last of the prophets, will continue to be the permanent and continuing divine historical medium for conveying truth to all humanity. In communicating the Koran and its instructions to every human mind, the Arabic language continues to carry out the first function of inspiration, which was completed when inspiration ceased, when God sent the last of His prophets and when the Arab prophet died. This is confirmed by what God Almighty said, "We have revealed the Koran in the Arabic tongue so that you may understand it" (Yusuf: 2).

Arabic then is the medium of the Koran to every mind. As a medium it survives with the Koran, and it is perpetuated by the eternal Koran. All true, faithful Muslim believers, whether they are Arabs or not, are bound by this fact. A Muslim cannot accept the Koran as a divine book and turn away from it as a Koran in Arabic. This constant feature of the Koran is established by a Koranic text, and a Muslim who believes, regardless of his language or nationality, is bound by it. It is thus true that the affection Muslims have for Arabs is one of the indications of the fact that they are good Muslims. Muslims who hate Arabs arouse suspicions about the sincerity of the Islam they profess. This is a fact confirmed by Arab-Islamic history in the light of al-shu'ubiyah [anti-Arab]

movements which began by assailing Arabs and culminated in atheism and distortions of Islam. That was the ultimate objective of these movements.

#### Differences in Color

Our purpose in this digression was to show the close organic relationship between the truth and the language in which this truth is embodied, whether that truth is cosmic and divine or human and national. Our digression stems from the reference in the Koran to different tongues; it applies to repeated verses in the Koran about the Arabic character of the Koran and the depth and significance of that character in so far as the Koran was inspired in Arabic and not in any other tongue.

Color differences indicate the fact that the human race is made up of ethnic groups and races from which stem people of different nationalities speaking in numerous tongues. In the final analysis each nationality constitutes a particular race with a particular language. This was what was meant by the phrase, "the diversity of your tongues and colors."

We ought to note that "this diversity" in the forementioned verse of the chapter, al-Rum [the Greeks], is equal in importance to the creation of the heaven and the earth, which is one of the greatest signs of God. It is one of His most lasting and permanent signs; it is the greatest indicator of the Creator's capability. The account in the Koran states, "Among His other signs are the creation of heaven and earth and the diversity of your tongues and colors" [al-Rum: 22].

This linguistic national diversity then is not an insignificant phenomenon that we would brush past and ignore or deny. And how can we do that when it follows the verse about the creation of heaven and earth in the text of the divine Koran? This linguistic national diversity derives its significance and even its continuity and survival in the material reality of the human race from that verse in the Koran for as long as the sky and the earth last.

This reference to the Koran is to a large extent consistent with what recent nationalist thinkers said about the fact that nationalism is not an ephemeral stage in history, but rather one of its lasting phenomena. And how can it be anything else when, according to the Koran, it is one of God's signs like the creation of heaven and earth? All people are called upon to consider this sign when that verse is followed by the statement, "Surely there are signs in this for all mankind." It is this that prompts us to consider this fact in depth, as we do other facts of the creation.

How can those who believe in religion and who deny the reality of nationalism ignore this unequivocal Koranic bidding? How can they insist on rejecting nationalism as anti-religious? What is this religion [anyway] that denies fundamental human rights and does not deal with them?

It is certainly not Islam. Islam recognized the sexuality of males and females and enacted laws and moral codes to regulate not to deny and reject that sexuality as Christian monasticism did.

The Koran recognized the human propensity to own property, so it regulated ownership of property and limited it to what would serve the public good. It did not deny that propensity as communism did.

Islam encouraged family ties and solidarity, and it looked after the family as a positive, social and human phenomenon. It did not advocate at all the dissolution of the family as Platonism and Bohemianism did.

Why then in the light of Islam's positive dealings with all these individual and group phenomena do some people insist on saying that Islam rejects the phenomenon of nationalism?

Isn't nationalism a social fact that is larger than the family and the tribe? How can Islam reject the larger phenomenon and accept the smaller one? Doesn't a person's affiliation with a nation equal the importance of his affiliation with a family? And how can Islam recognize a person's ownership of money and property and recognize his psychological propensity for such ownership and not recognize the fact that a person belongs to a national homeland? How can the Koran not recognize a person's psychological propensity to affiliate himself psychologically, socially and culturally with people who speak the same language and who have the same color?

The Koran does not leave these questions unanswered. The fact that [answers to these questions] recur in other holy verses links the fact of nationalism with the major, permanent and constant facts of life.

God Almighty said, "Men, We have created you from a male and a female and divided you into nations and tribes that you might get to know one another. The noblest of you in Allah's sight is he who fears Him most. Allah is wise and all-knowing" (al-Hujurat: 13).

#### The Locus of the Mistake

The fact that people are divided into "nations and tribes," that is, the fact about the social bond, is equal in this verse to the fact about the division of the human race into males and females, that is, the sexual, procreational essence of a family. Just as God created this "duality" of males and females to preserve the human species through marriage and procreation, He also created [this] multiplicity of nations and tribes to facilitate a person's individual objective to affiliate himself with a natural group that would protect him and develop his personality. This division of the human race into "nations and tribes" would also realize the objective of getting those nations and tribes "to know one another" in the context of the human bond and the divine bond [they share]. Thus one group is distinguished and preferred over another on the basis of how closely it approximates higher principles. The Creator thus established a multiplicity of nations and tribes for a reason. The verbal clause, "divided you into nations and tribes" implies the irrevocable will of God to realize human cooperation--"that you might get to know one another"--and then compete with each other, instead of fighting wars and engaging in disputes, to achieve the lofty goal of competing to live up to high ideals: "The noblest of you in Allah's sight is he who fears Him most."

And here too we find total agreement between this view in the Koran of national relations and of dealings between people of different nationalities and the national human view which calls for relations between people of different nationalities to be humane, cooperative and competitive in the area of doing good and promoting values. This is what Arab nationalism advocates, and this is consistent with its spiritual, divine spirit. It is the opposite of some

supercilious and aggressive appeals for nationalism which various religions and philosophies espouse. People who believe in religion are entitled to reject such appeals for nationalism, provided that they not generalize and apply that rejection to the other kind of nationalism which is referred to in the holy verse we cited from the chapter, "al-Hujurat" [The Chambers]. The existing problem between religious people and nationalists, especially between us Muslims and advocates of Arab nationalism, may be due to the fact that some people who reflect upon nationalism spoke about nationalism as "a faith:" they spoke about a "nationalist faith." It is here that the error lies. Nationalism is not a faith in the religious sense or in the philosophical sense. Nationalism is a social fact that denotes a social phenomenon; it is the expression of a group of people who are linked together by language, culture, land, interest, sentiment, a common past and a common future.

Acknowledging the existence of a national group and the right [of its members] to live together is tantamount to accepting the facts of human life, such as sex, ownership, family, etc. Such an acknowledgement does not amount to a religion and a philosophy.

It is the right of every national group, after its existence is acknowledged, to espouse the beliefs, philosophies and systems that it sees are rightful for it and appropriate to its spirit and its nature.

#### Between Nationalism and Faith

Historical evidence of the difference between nationalism and faith lies in the fact that numerous ethnic groups switched from idolatry to faith in a divine being, from capitalism to socialism and from a spiritual [ideology] to a materialistic [ideology] without losing their national character, even though they may have adapted that national character to the spirit of the faith.

The Greek nation is the same Greek nation when it was idolatrous, when it espoused philosophy and when it espoused Christianity. The German nation, both its communist part and its capitalist part, is the same German nation. The existing ideological division does not abolish its enduring national essence. And the Russian nation was the same nation in the Christian age under the kaisers, as it is in the Marxist, materialistic age, etc.

On the other hand a universal ideology can prevail among various national groups that are not fused together in the melting pot of that ideology. The American nation is Christian, and the Ethiopian nation is Christian. There are Chinese Buddhists, and there are Indian Buddhists. But why do we have to go far? Did Turkey, Iran, Pakistan, Indonesia and Albania become Arabized when they adopted Islam? Did the Marxist ideology bring the Russians and the Chinese closer together when we see the confrontations and disputes that exist between them?

Those who deny all these facts think that Islam is unique among religions and appeals in trying to create a single Islamic nation in which national groups would be fused together and abolished. Those people cite the verse, "Your religion is but one religion, and I am Your only Lord. Therefore serve me" (al-Anbiya': 92).

A discussion of this matter requires another study so that three different and

distinct notions of a nation mentioned in the Koran can be distinguished. These cannot be discussed in detail in the limited scope of this article.

Suffice it to note that the term, nation, is used in the Holy Koran even to refer to groups of animals and birds. "All the beasts that roam the earth and all the birds that wing their flight are communities like your own. We have left out nothing in Our Book. They shall all be gathered before their Lord" (al-'An'am: 38).

This indicates how meaningful the Koran's notion of the term, nation, is. The Koran, unlike the advocates of religious nationalism, does not confine its notion of the term, nation, to one specific definition.

Anyone who considers this verse will see that diversity is a constant fact confirmed by the Koran, not only among humans, but also in nature. This makes national diversity an extension of a more comprehensive diversity in nature and in the universe. Until we meet again in another discussion.

8592

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ECONOMIC PLAN FOR 1983 REVIEWED

Algiers REVOLUTION AFRICAINE in French No 985, 7-13 Jan 83 pp 15-17

[Article by G. Boutaleb: "1983 Annual Plan: Enhancing the Planning Process"]

[Text] 1983, the next to last year in the current 5-year plan period, is a critical year in the realization of the plan's objectives. In fact, the main lines and objectives of the next plan will be based on the results achieved during the 1983 annual plan period. Thus, as the draft 1983 annual plan points out, the body of actions and measures in the 1983 annual plan will have to "be aimed on a priority basis at the realization of the 5-year plan's main objectives in the areas of investment, production, and organization of the economy."

The program of investment proposed for 1983 excluding prefabricated construction (95.3 billion dinars) stands at the same level as that of 1982 except that it is up 25 percent compared to 1982 end-of-year estimates. It takes into account sector priorities, domestic constraints on achieving them, and the unfavorable international environment.

Planned expenditures are divided up into 40.8 billion dinars of permanent assistance and 56.5 billion dinars of temporary assistance.

So the relatively modest levels of realized investment during the past 3 years (58 billion dinars in 1980, 67 billion dinars in 1981, 77 billion dinars in 1982 compared to forecasts of 74.85 and 98 billion dinars respectively [as published]) make it necessary to realize investment at a considerably faster rate in order to guarantee that the planned objectives of the 5-year plan will be achieved. But the tight budgets that can be foreseen in the various areas (consumer goods market, investment realization, external payment balances) make the specific quantitative objectives imperative that have been set for growth in the sectors. And those objectives therefore presuppose "considerable progress as regards the functioning of economic activities, mastery of the implements of production, and greater fluidity in the economy."

In 1982 gross domestic product excluding hydrocarbons increased by 7.2 percent. Recorded growth was short of the 5-year plan's expectations (10 percent) and seemed low in view of unused potential and the results expected from measures worked out at the economic organization and production planning levels.

Businessmen have for the most part continued to put special emphasis on listing a sizable volume in new programs under the heading of investment without their having met the conditions for actually realizing the investment. Moreover, and contrary to the objectives of the 5-year plan, no priority has been given to completing old programs or to actions for developing existing potential. Taking into account the listing of new activities (111.9 billion dinars) and reestimations that add more than 19 billion dinars, investment remaining to be realized was 304.2 billion dinars at the end of 1981 and amounts to 363.6 billion dinars at the end of 1982, which represents more than 4.5 years of investment at the rate it was realized in 1982.

In the area of new investments it seems, however, that in 1983 businessmen are continuing to place too much importance on listing new programs, to the occasional detriment of completing large portfolios of projects and programs for which they are responsible. Excluding prefabricated construction, a new program totalling 134.8 billion dinars has, in fact, been identified, to which 23 billion dinars of funds must be added to make provision for reestimations. However, people should be warned that the draft 1983 annual plan points out that "effective listings in the general program of project and program investment will be strictly conditioned on circumstances being sufficiently advanced and on a preliminary analysis of the requirements for realizing the particular investment."

In this context, specific analytical undertakings with short deadlines to analyze these new investment opportunities, how ripe they are, and their degree of priority will be organized.

For the prefabricated construction program, program listings will amount to 4.9 billion dinars in 1983 (7.5 billion in 1982). And then completions should go from 1.25 billion dinars in 1982 (0.5 billion for the housing sector and 0.75 billion for the education/training sector) to 8 billion dinars in 1983 (3 billion for housing, 4.85 billion for education/training, and 0.15 billion for health care). This program should reach final completion in 1984.

#### Strict Programming

Gross domestic product for 1983 is put at 198.1 billion dinars (excluding hydrocarbons at 133.1 billion), which is a 10.1 percent increase compared to the 1982 end-of-year forecast, and value added is on the order of 18.1 billion

dinars, being 41.2 percent derived from non-hydrocarbon goods production, 25.7 percent derived from services, and 33.12 percent derived from hydrocarbons.

The 6 percent rate set for the overall increase in agricultural production corresponds to normal output without any major climatic constraints and assumes a great variety of progress. Thus, grain output forecast for 1983 is set at 26.7 million quintals compared to 17.07 million in 1982, which is 56.4 percent more than the forecast at the end of 1982.

Other forecast rates of growth are 6.8 percent for meat, 5 percent for milk, and 10 percent for eggs.

Also a considerable increase, on the order of 15 percent, is anticipated with regard to the mining and quarrying sectors (iron up 7.4 percent, phosphate up 25 percent, aggregate up 16.7 percent, and mercury up 92 percent) and with regard to processing industries where the most dynamic sectors are most likely to be textiles, chemicals, construction materials, iron and steel, mechanical engineering, metals and electrical engineering.

Real growth of 12 percent in the building and public works sector (BTP) is considered to be a "required minimum" in order to make it possible to effectively implement the investment program. In connection with the efforts accomplished during the last few years to equip this sector, its available capacity is in fact quite considerable. Moreover, the supply constraint "is in the process of being lifted through high levels of recorded imports."

The results expected for other sectors vary quite a bit: 28 percent growth for hydraulics, 40 percent for economic infrastructure, 42 percent for construction equipment, 58 percent for storage/distribution, 57 percent for housing, and 127 percent for education/training including prefabricated construction.

In order to achieve the objectives that have been set, it is necessary to, among other things, "increase efforts aimed at a better programming of imports."

[Table] Imports of Goods (in billions of Algerian dinars)

	<u>1982 End-of-Year Forecasts for 1983*</u>	<u>1983 Forecasts</u>
Food	9	8-9
Goods for industrial use	6	2.5-3
Intermediate goods	18	17.5-18
Durable goods	<u>15</u>	<u>16</u>
	48	45

\* Taking into account the customary overestimation of end-of-year forecasts by businessmen.

Regarding imports of goods, the projected level for 1983 is about 50 billion dinars, including the prefabricated construction program (about 5 billion dinars), with possible strains on the external financial balance.

Besides, in 1982 the overall import program was set at a level of 58 billion dinars (excluding prefabricated construction), and only about 46 billion dinars of that was actually carried out.

Also regarding 1983, imports of services are to amount to 13.3 billion, which is an increase of 26 percent by comparison with 1982. They are to result for the most part from foreign firm involvement for the purpose of carrying out investment programs in the areas of housing, hydraulics, and economic infrastructure.

Considering the relative stagnation in imports of intermediate goods and durable goods, the expected growth in domestic production from processing industries (15 percent) will therefore only be possible as a result of increased substitution of domestic production for those import goods.

The 2 billion dinar shortfall in 1982 in the area of export revenues from hydrocarbons (58 billion in revenues out of 60 billion forecast) was compensated for by a drop in imports compared to forecasts because of a delay in carrying out the prefabricated construction program decided on by the government and because of the investment program having been only partially realized. (On the other hand, debt service increased more than forecast.)

In spite of a strict program regarding imports and the expected export of additional amounts of natural gas (the contracts with ENI [National Hydrocarbons Agency] and the American companies Panhandle and Distrigas-Boston have not yet been finally approved), external financial balances look strained. The level of hydrocarbon revenues is lower than the 5-year plan's forecasts.

As regards hydrocarbon exports in 1983, an "irreducible minimum objective" of 65 billion dinars will have to be achieved. But it should be noted that "a level of 70 to 72 billion dinars would be more satisfactory from the standpoint of the year's external financial balances" (quote from the draft 1983 annual plan). Therefore, considering the uncertainties hanging over developments in the world hydrocarbons market, it is proving more than ever to be "necessary to take steps to keep regular track in the short term of external financial balances with an eye to organizing possible adjustments in a timely fashion."

## Employment and Incomes

Presenting the 1983 draft annual plan to the National Popular Assembly (on 8 December), Mr A. Brahimi, minister of planning and national development, said among other things that "the government has dedicated the sum of 71 billion dinars to the creation of 160,000 new jobs in 1983. It will soon be considering a plan according to which wages and salaries would be increased."

The working population was estimated at 4.12 million in 1982 and will reach nearly 4.3 million in 1983, thereby generating new demand for work on the part of 160,000 persons, including 29,000 women.

Recruitment plans in the non-agricultural public sector show creation of about 133,000 jobs in 1983.

Expected private sector recovery in connection with the promulgation of the laws concerning private domestic investment and cottage industry could create about 26,000 jobs as well.

Thus, the whole non-agricultural economy could create 159,000 new jobs, which barely covers 1983 needs for new jobs (160,000 plus).

The working out and implementation of a plan for allocation of skilled labor is being awaited; meanwhile, the draft 1983 annual plan does recommend continuing and speeding up implementation during this year of actions aimed at: getting appropriate numbers of people with appropriate academic orientations in place (the number of graduates in "exact and technological sciences" has fallen—it was 2550 in 1981 and 2490 in 1982), strengthening training/employment links (contractual procedures), assignment of skilled labor to priority tasks (production, maintenance), apprenticing a greater number of young people . . .

In 1982 price terms, gross household resources should rise 8 percent in 1983 to reach a level of 128 billion dinars and thus free up 109 billion dinars of disposable income for consumption. Aggregate wages, with a growth rate of 8.3 percent, are to amount to nearly 77 billion dinars. That increase of slightly less than 6 billion dinars would come mainly from the impact of growth in employment, of raises, of the job rating process, and of the effect of interim measures for 1983 (in connection with the General Workingman's Statute) in sectors in which they haven't been completely worked out yet.

## Strengthening the System of Planning

Finally, with respect to the mechanisms for the consolidation and strengthening of the planning system in place since 1980, the draft 1983 annual plan says that those mechanisms haven't yet succeeded in taking effective charge of each planning level's responsibilities and haven't sufficiently eased the constraints from which the national planning system suffers in the areas of payment schedules, suiting means to ends, and consistency among programs in different sectors.

The thinking developed during 1982 regarding regional planning, annual planning, and procedures in connection with investment should make it possible, through the implementation of recommended measures, to "reach in 1983 a new stage in the enhancement of the planning process."

Moreover, working out the 1983 annual plan has already made it possible to better define the process of working out planning by specifying, among other things: the place, role and responsibility of each planning level (enterprise, wilaya, sector, central planning body); the different stages of working out planning; the shuttling to be organized back and forth between the different levels; and a specific payment schedule for each phase.

Working out the 1983 annual plan also made it possible to clarify arbitration procedures and the requirements for better coordination of regional and sector programs, and to confirm the role of wilayas in the planning system (publication of a specific memorandum relating to the wilaya annual plan).

Finally, in the context of working out the 1984 annual plan, 1983 should see effective responsibility taken for the requirements for carrying out annual planning. This is a matter of going beyond programming solely the investment aspect and the allocation of financial resources, so as to give greater consideration to the annual plan's other aspects which are fundamental focuses of economic policy (output, input, production capacity, employment . . . ) and to give greater attention to fitting those different aspects together, to suiting means to objectives, and to intersector and interregional coordination.

So 1984 will be able to be mainly devoted to the preparation of the next medium-term plan.

The draft 1983 annual plan concludes by emphasizing that "the effort to improve economic data will have to be increased at all levels."

Actions for the expansion of the collection, distribution, handling and dissemination of data will have to be coordinated to a greater extent at each level in 1983. National and sector statistical work programs will have to be elaborated and implemented.

Intensive study to be carried out in the appropriate framework should finally "result in useful proposals for the definition of the functions, objectives, and instrumentalities of the national information system."

Near-term actions that can be carried out in 1983 are: the preparation of statistical directories by each ministry and wilaya, the preparation of directories of products and economic entities, the opening of public documentation and information centers, strengthening national and local structures for the organization and dissemination of information (identification of those structures, allocation of necessary resources), timely elaboration of objective and specific implementation reports concerning the national development plan, etc.

9631

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POPULATION CONTROL POLICY EXAMINED

Algiers EL MOUDJAHID in French 30 Jan 83 p 10

[Article by N.B.: "Demographic Control: A Voluntary, Non-Coercive Program"]

[Text] An interministerial committee has been asked to prepare and submit to the government a dossier on birth control and family planning, to be used in establishing a demographic control policy.

The resolutions adopted at the fourth session of the Party Central Committee and the general report on the Five-Year Plan recommended a national birth-rate reduction program. These resolutions and guidelines were not implemented and remained without effect. Was it due to faulty coordination, lack of insight, or ignorance of the ways in which the operations were to be carried out by the parties involved? Certainly, these are a few of the reasons for the non-implementation of a demographic control program.

The 2000 Deadline

On 9 November 1982, an interministerial committee was formed to define and allocate the tasks to be completed. All political structures are involved.

If the goal of our projected society is well-being, we must understand the demographic phenomenon.

1983 appears to be a turning point in the implementation of this projected society. How can we prepare for the year 2000 from the point of view of a better life for each age group? How can we measure the citizens' needs and concerns? How can we provide better social coverage? What means should we use for it?

Until now, socioeconomic realizations and investments were made possible by oil revenues. By the year 2000, these non-renewable revenues will have to be replaced by the national economic apparatus. Considering the demographic growth rate, the 1982 population will have doubled by 2040. By then, will our economic apparatus be adequate to preserve the 1983-1983 standard of living of citizens?

In 1981, the gross domestic product per inhabitant was 9,716 Algerian dinars, compared with 5,920 in 1978. But will the gross domestic product keep increasing? Is it not possible that it might decrease, especially since standard of living is not synonymous with quality of life? If the demographic growth rate remains the same, will it be possible to improve the quality of life?

Indeed, Algeria's future calls for economic dynamism (using all work forces, fighting regional discrepancies and other handicaps) and for demographic control.

Algeria is heading the list of high demographic growth countries; it has a growth rate of 3.23 percent, a level which demographers consider to be unbearable. In addition, the fertility rate is increasing again and infant mortality, although still high despite health care progress, is decreasing.

#### Algeria a Leader Among High Birth-Rate Countries

From 1901 to 1905, the demographic growth rate was 0.50 percent. From 1956 to 1969, it increased to 2.26 percent and it reached 3.37 percent in 1970. In 1971, it declined to 2.98 percent, but increased again to 3.23 percent in 1981. All ages lumped together, the final issue of the Algerian woman is seven children. According to 1980 synthetic fertility indexes (children per woman), Algeria ranks first in the world with 7.1 children per family (with a mortality rate of 11.8 per thousand and a birth rate of 3.4 percent). As a comparison, India has 4.8 children per woman, Morocco 6.4, Tunisia 5.0, Egypt 4.7, Libya 7.1 and France 1.96.

From 1955 to 1965, the fertility rate increased by 10 percent. It is related to the age at which girls marry and to sociocultural characteristics. The mortality rate, although decreasing, remains high: the overall rate was 11.1 per thousand in 1981. This compares with 10.3 per thousand in France, with a fundamental difference in the population age structure. Infant mortality is 9.8 per thousand in France and 98 per thousand in Algeria. Given full-fledged and improved health care, health education and an improved standard of living, this infant mortality rate could be considerably reduced. Despite all this, the resident Algerian population increased by 404,000 people per year from 1965 to 1970; according to present projections, it will increase by 649,000 people per year from 1980 to 1985, by 1,159,000 people per year by 2000-2005 and eventually by an average of 1,365,000 from 2006 to 2010. These projections remain valid if an increase in the age at marriage and a decline in mortality rate are taken into consideration.

The population age structure plays a very important part. Even if by some miracle Algeria's demographic growth rate were to become equal to 1, its population would keep increasing for at least another 80 years. This is because the age structure is already established and the number of women in each age group will go on increasing. Then, what can we do?

## Who Should Be Made Aware of the Problem and How?

Obviously, more emphasis must be placed on demographic policy and a concerted attempt must be made so the public at large will become aware of the impact of demographic growth. This task has been recognized by the interministerial committee and included in its demographic policy plan of action.

One obvious fact: usually, birth-control means are used by women. Women form the basis for a family planning policy based on free choice and free consent. But their ability to implement such a policy implies a certain knowledge and is related to cultural values. According to official birth statistics, 90 percent of the children born in 1980 were born to illiterate women. In 1980, 58 percent of all married women could not read. For a series of reasons, they have a very high rate of fertility.

In other words, those who need the most to become aware of the problem are those with the greater number of children and their families. To convince them, we must speak a language they can understand, make them aware that the quality of life--their life--depends on their determination to curb their fertility. A high rate of fertility will affect schooling, health, education, the whole future. Without being alarmist, we can say that in spite of the many efforts it has already made Algeria is reaching its limits. Even if used to the fullest extent, its potential in many sectors is not unlimited.

To take only one example, the school system is getting overloaded. The schooling rate is beginning to stagnate. The rate at which schools are built and teaching personnel trained cannot in the long run meet the pressing demand, and that demand cannot wait. So, we must ask ourselves: under such conditions, is it possible to provide quality education?

To inform people and make them aware of the problem, to offer them the means required to achieve a decline in the birth rate, leaving them free to choose, this is a voluntary program that should be carried out rationally. If the political determination, which is real, is implemented effectively, some results and improvements could be obtained in a first stage among the existing population categories.

## Integration of Women in the Labor Force

Also, economic and social programs aimed at other categories will have considerable effects. We mean the integration of women in the labor force. A number of women who have diplomas and are competent to hold a job do not do so for objective reasons. There are many women who wish to work but cannot because of their family and household obligations. Measures should be taken in this respect to enable them to join the labor force.

Most working women are young, unmarried or with one or two children. Because of social pressures, women are forced to marry and have children; as a result, they marry at an early age and the marriage rate is very high. Concretely speaking, any birth-rate reduction program will have to find ways of making the working of society compatible with a reduction in women's final issue.

Another fact: women who, in agreement with their husbands, decide to limit (usually to three) the number of their children are educated women who work, privileged women. These women are also those who marry late. This does not prevent them from rapidly giving birth to their final issue. The integration of women in the economic process is fundamental in that it gives them economic independence, makes them financially self-sufficient, enables them to marry later, to become aware that there is another way of living, other questions to consider (to bring up and educate their children properly, to enjoy a legitimate comfort and material well-being, to live in decent conditions).

However, since the jobs available are offered to men first, women will actually find a place in economy only when their competence and abilities are validated and recognized, and their competitiveness with men taken into account.

Demographic control, family planning, this is a slow process that must be started. People must be made aware of what is at stake. The task is a delicate one, especially as it deals with deep-rooted forces in society.

Sources: Secretariat of State to Social Affairs, Family Directorate.

9294

CSO: 4519/132

JIHAN AL-SADAT'S CONDUCT AS CHARITY DIRECTOR PROBED

London AL-DUSTUR in Arabic No 264, 13 Dec 82 pp 14-17

[Article by Jamal Isma'il: "Investigation of the Wealth of Egypt's Former First Lady."]

[Text] The year 1982, which is almost over, marks the opening of the file on corruption in Egypt. The pages of this file, examined so far, indicate clearly and candidly that had it not been for the incident of the Review Stand, this file would have never been opened. This "tribunal", for which we present the essentials of its concerns, i.e. the investigative report and the statement of the prosecutor-general, may start tomorrow or the day after.

The event of the Review Stand has brought changes to the atmosphere. The wind has begun to shake violently the leaves of those who have obtained excessive wealth and misused their authority. Some of them have managed to escape and some have been prosecuted, but the list is still filled with names, the last of which is not Ismat al-Sadat.

There are stories, events, and documents that prove all of this, and confirm also that the name of Jihan is on everyone's lips.

The purpose of opening the file on Jihan Safwat Raouf, known as Jihan al-Sadat, is not to rejoice of her misfortune, or to overstep the boundaries (of decency). She was, after all, Egypt's first lady, a title that was held by the wife of the president of the Republic of Egypt from May 1971 until the sixth of October 1981, the day of Sadat's assassination. During Sadat's regime, she took an active role in political, social, and even cultural activities. She stood by her husband's side during the most important period of Egypt's history--the open door policy and peace with Israel. She gave political talks, participated in international conferences, and even influenced internal policy. Such a role made the legislators question the constitutional position of the President's wife. Like her husband, her name attracts glitter and fame throughout Egypt and the world. She had, and still has, her connections in the mass media and political circles. Mrs. Jihan Safwat Raouf was a public figure. As her recent press, television, and radio interviews indicate, she still insists on maintaining her (public) past. For these reasons, the examination of Egypt's former first lady's file is necessitated by the need to evaluate the past, seek the truth, and realize the sovereignty of the law in a country known for its legalized institutions and honesty.

Where Shall We Start?

Let us start with the title "Egypt's First Lady", which was given by the state-run mass media, to the wife of the former President of the Republic and became widely used since the latter part of 1972.

In 1972 the expression "The open door policy" emerged. After the October War, Mrs Jihan al-Sadat began her hospital rounds visiting those who were injured in the war. Egyptian newspapers and magazines began to publish the picture of Egypt's first lady with the injured soldiers--visiting them, alleviating their pain, boosting their morale, giving them "hope", and assuring them of Egypt's concern. These visits and intensive campaigning launched by the mass media prepared the way for the potential creation of a charitable organization by the name of "Loyalty and Hope" and it was natural, of course, for Egypt's first lady to be its head. The organization finally emerged at the end of 1974--a charitable organization that takes care of the handicapped veterans of the October War. This organization is not affiliated with any department of the government, although it should, like any charitable organization that renders services to the society, be under the jurisdiction of the Ministry of Social Affairs. The organization received unprecedented attention in the name of the heroes and the handicapped veterans of the October War. All the State's resources fiercely competed to serve this organization headed by the President's wife, offering facilities and support, and collecting contributions from inside the country and abroad. The organization became like the goose that laid the golden eggs. Initially the organization was granted three hundred feddans in Madinat Nasr in Cairo, then the local executive council of the governate of Cairo decided to give the organization an additional six feddans which had already been designated for Um Kulthum's project, the House of Charity, that never saw the light of day. The sponsors of that project had no choice but to file a lawsuit to get back the land seized by "Loyalty and Hope".

Since the establishment of the organization till the present time i.e., seven full years, the organization has served approximately four hundred handicapped, among them only one hundred twenty-four veterans. These numbers are taken from reliable Egyptian sources. In light of the very small number who benefited from the organization's services, let us examine the amounts of contributions, loans, and gifts it has been granted. During the first year of the organization's establishment Mrs. Jihan al-Sadat made several tours to Arab countries, among which were the Arab Emirates, Kuwait, Bahrain, Qatar, and Saudi Arabia. She conducted similar tours to a number of European countries and to the United States of America. The revenue raised from each tour was millions of pounds. It was inconceivable that Arab countries would refrain from giving generously to help the handicapped of the October War. Similarly, the Western countries and America found it inappropriate for the wife of the "hero" of peace with Israel to return home empty-handed. After all, the goal of these trips was always announced in advance, namely to collect contributions for the organization "Loyalty and Hope". The financing of the organization was not limited to contributions collected from the African, European, and Arab countries, but in addition, the organization had a share in all the foreign aids and loans that were given to Egypt in recent years. According to

available information, the organization took ten million dollars from the American technical aid program given to Egypt, in addition to a French loan in the amount of one hundred seventy million francs, and another loan from Belgium in the sum of one hundred million Belgian francs. No doubt the undeclared amounts are much more than that. As for gifts, it could be briefly said that every company and corporation that emerged as a result of the open door policy had given gifts and donations to the organization of Egypt's first lady. The government of the Federal Republic of Germany granted the organization a plant for artificial limbs.

#### The Activity of the Open Door Policy

Under the guise of developing the organization's resources which support only four hundred handicapped, (!?), "Loylaty and Hope" began to invest in all kinds of projects. Among those are the project of the limousine cars which Mrs. Jihan al-Sadat imported and Egypt Tourism Company ran for a certain period of time, and partly financed by Nasser's Bank. Among these projects also was the establishment of a factory for macaroni and carbohydrates. The organization was also the sole representative of some international fashion houses. The organization did not miss the opportunity of investing in the projects of the Popular Development and Food for Every Mouth. The organization gave twenty feddans from the land which the state granted to Schwepps Soda Company, founded by the millionaire Othman Ahmad Othman, President Sadat's in-law, who used the Engineer's Union money to build the plant.

Because the "Loyalty and Hope" is a charitable organization, it is exempted from taxes and customs. In the organization's name and for the benefit of the October War's heroes, Mrs. Jihan al-Sadat imported Mercedes and Volvo cars especially equipped for handicapped. However, no single car was given to any of the handicapped, rather the cars were given to car dealers who removed the special equipment and converted them back to standard cars, and sold them at market prices. To further increase the organization's resources, "Loyalty and Hope" sponsored concerts for international singers in Egypt and sent Egyptian female dancers to perform abroad. In the name of the organization which takes care of the October War's handicapped, Frank Sinatra, the American-Zionist singer, performed at the site of the Egyptian Pyramids, as did Dimes, Rossus, Dalida, and Khulio. The tickets to these performances were sold at exorbitant prices, similar to those Egyptian performances given abroad--in the United States, London and other Western Capitals where the first lady accompanied the dancers.

In addition to the organization "Loyalty and Hope", Mrs. Jihan al-Sadat chaired another organization called the Organization for Preservation of Monuments. It is ironic to notice that the organization had received contributions before it was officially declared or even registered with the Ministry of Social Affairs. Most of these contributions were donated by the new companies which emerged as a result of the open-door economic policy. An example of this is the donation of the Coca-Cola company. The head of its executive board, Mr. Paul Easton, presented a check in February, 1980 to the late President Sadat for one hundred thousand dollars. Informed sources point out that until now this check has not been deposited in the organization's account. Similarly, the organization sponsored projects for making duplicates of ancient Egyptian monuments. These

monuments were sold abroad during the exhibitions of the ancient Egyptian antiquities. No one knows, including the Egyptian Association of Antiquities, what happened to the proceeds of these exhibitions.

#### The Check of Othman

If mentioning one thing leads to another, certainly the companies of the open-door policy and "donations" to ensure a beginning free from red tape and disruptions lead to the story of Jihan al-Sadat and the millionaire Rashad Othman, a lumber merchant, who was imprisoned and tried in January and then released, although all his properties have been placed under sequestration for five years.

Rashad Othman started as a worker in Alexandria harbor. During past years he managed to make a fortune amounting to one hundred million Egyptian pounds. Last year, the Court of Ethics issued an order for his arrest for his involvement in the drug trade and corrupting Egyptian political life in his role as a representative in the People's Assembly and a member of the ruling party. After spending one year in Qantir Prison, Rashad Othman was released. On the very same day his enemy, Ismat al-Sadat, the brother of the last President, was admitted to Tura Prison. It seems that there was a hostile relationship between Rashad Othman and the Sadats. The decision to remove Rashad's parliamentary immunity so that he could stand trial was made by Sadat's direct instructions. During the trial it was hinted that there was a connection between Ismat al-Sadat and the suicide incident of Rashad's brother. And before the Court of Ethics Rashad directed many accusations at Ismat which later proved to be valid.

As for the relationship between Rashad Othman and Egypt's former first lady, Rashad's lawyer, Abd al-Halim Ramadan filed on his behalf a lawsuit against Jihan al-Sadat demanding the return of fifteen thousand pounds which was paid to her personally by a check dated August 16, 1980 and drawn at a branch of Cairo Bank in Alexandria. Rashad Othman's lawyer stated that his client had paid this amount to Mrs. Jihan al-Sadat under pressure from her husband, the former President. The lawyer also said that Sadat sent men after his client to harass him and put him in jail when he refused to pay the half a million pounds which Sadat requested from him. The defense for Egypt's former first lady stated that Rashad Othman donated the amount to the Egyptian Society for Children's Villages and that it was not deposited in her personal account as Rashad's lawyer claimed.

#### Children and Tourism

The most important thing about examining Othman's case is that it sheds light on another organization also chaired by Mrs. Jihan al-Sadat, namely the Society for Children's Villages. It is not known exactly when this society was established. All we know that its headquarters is in Washington, the American capitol, and that Mrs. Jihan al-Sadat visited it during her last trip abroad and received contributions for the Egyptian branch of that society. On behalf of the children, she gave a speech in a reception at the Press Club in

Washington, after which she was received by the American Secretary of Health who granted her an award for the services she renders to the Egyptian children.

Prior to a lecture she delivered at a conference convened in San Francisco about "Children, Their Mission, and Their Impact on Peace", she received an award (the nature of which is not known) on behalf of the late President. The award was presented by the American Organization for Tourism in Washington in recognition of Sadat's peace efforts with Israel and impact of peace on the flourishing of tourism.

#### Before the "Flood"

At a time when Sadat's empire has become shady and just a few days before the attorney general's decision to place the properties of Ismat and his family under sequestration, Mrs. Jihan al-Sadat was already on a tour abroad, in which she visited the United States and received contributions and awards for her, and on behalf of her late husband. In the States, Egypt's former first lady met with several former presidents of the United States and their families...Carter, Ford and Nixon. She also paid a visit to Nancy Reagan, the American President's wife, in the White House. And "dear" Kissinger gave a reception in her honor in New York. Similar receptions were given in her honor in most of the Western capitols which she visited...London, Paris, and Bonn. Then she paid a quick visit to Kuwait to attend the wedding of one of its millionaires. Some say that Jihan al-Sadat felt the "flood" approaching and that the goal of her visits and meetings was to gain support and backing to keep her afloat in order to save as much as she could. It was rumored in Cairo that the socialist attorney general has been investigating a great number of complaints filed by citizens and associations accusing some members of Jihan al-Sadat's family of charging them huge sums of money in return for expediting their businesses. As a result of these illegal commissions the relatives of the late president's wife, who did not have anything before Sadat came to power, became millionaires. After the fall of Ismat al-Sadat it was rumored in Egyptian circles that the treasury security had asked the Egyptian banks and foreign banks operating in Egypt to provide statements regarding the finances of Mrs. Jihan Safwat Raouf known as Jihan al-Sadat in preparation for investigating the sources of Egypt's former first lady's wealth. There are indications that a number of ministries and government agencies began to deal with caution and reservation with the organization of "loyalty and Hope" and its related charitable societies. The Ministry of Investment suggested that the organization should give back the foreign loans it obtained in order to be reutilized in something profitable to the people. The Ministry of Finance began to reconsider the customs exemptions which the organization enjoys. Some handicapped persons and veterans, some of whom were expelled from the organization, demanded that Mrs. Jihan al-Sadat be removed from the directorship of the organization. Some had asked that a committee of comptrollers look into the financial records of the organization. It is said that official agencies had already requested an examination of these records and that Mrs. Jihan al-Sadat adamantly refused.

Thus, the signs of the collapse of the Sadat family's empire is visible. It was beyond the imagination of anyone that the brother of President Sadat be accused and tried. However, the future may bring more trouble, and there is nothing wrong with that.

In a country where five percent of its people gets fifty percent of its income and ninety five percent gets the remaining fifty percent; and in a country where tombs have been turned into dwelling places for the living, a fact which the government recognized by extending bus lines to these graveyards, then turned the tombstones into markers for bus stops...in a country like this, there is nothing wrong with taking punitive action against corruption and the corrupt.

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PROBLEMS OF CONGESTION, SERVICE BREAKDOWNS IN CAIRO REVIEWED

Cairo AL-AHRAM in Arabic 9, 10, 12 Jan 83

[Article by Ahmad Nasr-al-Din and Mahmud Mu'awwad: "Before Cairo Becomes a Closed City!"]

[9 Jan 82 p 3]

[Text] While Cairo's utilities have started to declare their total rejection of any new burdens, their cries have started to rise on high, now that the daily rage of influx has reached a million people who are jammed in with the inhabitants of the city on every square inch of it, to the point where the population density per square kilometers has reached 2,000 -- a level that is five times the internationally specified rate. If the rates of influx continue their constant increase, the zero hour that the breakdown of every utility proclaims will become imminent at any moment.

Where does this human flood that invades the capital every day, totally changing its features, come from? How can this invasion be stopped, before Cairo is declared a closed city?

The question that is now at issue among the experts who are scrambling to save the capital is, will Cairo be declared a city that is closed to its inhabitants and installations?

Although there have been studies, which experts from the National Social Service and Development Councils and the Central Accounting Agency have set out, along with Egyptian environmental experts, asserting that Cairo has so far been suffering from elements of a daily "pounding," the problems and bottlenecks related to its facilities have been increasing.

The studies by Egyptian experts focus on saving Cairo from this fate.

What, now, do these experts say about this inevitable salvation process, so that Cairo, and all cities of population attraction, may breathe normally, far removed from the fog which the population congestion creates, and the noise and all Cairo's endemic problems?

At the outset, we find that one matter that causes amazement and bewilderment is that one cannot come up with any rates bearing on migration to Cairo, because of the difficulty of establishing a proper tabulation of small administrative districts, such as subdistricts and areas under the jurisdiction of village chiefs, which are defined as factors of attraction and expulsion caused by economic, social and psychological forces.

However, the population map gives us only three dimensions. The first is population growth, which is high in comparison with economic resources. The second is the fact that the population of Egypt is deployed over only a paltry area, 3.5 percent of Egypt's total area. The third is the haphazard mixture of population characteristics, which results in the preference of internal migration over all other considerations, under the pressure of the psychological state of the individuals who migrate, drawing them to Cairo's distinctive forms of attraction and to areas of attraction, which include Cairo and Alexandria, as contrasted with the areas of expulsion, which are represented by the Governorates of al-Daqahliyah, al-Gharbiyah, al-Minufiyah, Bani Suwayf, al-Fayyum, al-Minya, Sawhaj, Asyut and Qina. This underlines an actual fact, which is that the Governorate of Aswan has disappeared from the list of governorates of expulsion, as a natural result of the construction of the High Dam and the industrial projects there. This also underlines the urgency of shifting the establishment of industrial and agricultural projects to the other governorates of expulsion, which will be furnished with all the necessary essential services for these new communities.

Perhaps one of the strangest facts that the experts have set forth concern the Governorate of Giza, which stands alone as a governorate attracting migration from the Governorate of Cairo, in view of the transfer of its green spaces in the natural extensions of the governorate into populated areas.

The strangeness extends to a fact raised by the Governorate of al-Minufiyah, whose inhabitants migrate at an annual rate of 20 percent of its population, and which receives no immigrants!

The data in the important studies lead us to the fact that the governorates which receive immigrants in a regular manner are, in order, the Governorates of Cairo, Giza, al-Qalyubiyah and al-Sharqiyah — in particular Cairo, in which alone half a million migrants have settled down over the past few years, with the heavy burdens they represent on the utilities which are in sorry state to begin with. This figure is greater than the total net migration to the other three governorates that follow Cairo as governorates receiving migrants. Conversely, the Governorate of Sawhaj alone has provided 100,000 citizens, followed by Asyut, Qina, al-Minya and Bani Suwayf. The numbers of migrants they send forth range up to about 750,000, as compared with the 45,000 migrants provided by a small-sized governorate, the Governorate of al-Minufiyah.

The important studies reveal another fact regarding migration rates, this one bearing on the Governorate of Kafr al-Shaykh, which appears as a governorate of attraction although the data and migration rates underline the point that it attracts women, while men emigrate from it. In addition, it appears that some governorates tend to send out women, such as Asyut and Sawhaj, while some governorates tend to attract women, such as al-Daqahliyah, al-Sharqiyah, al-Gharbiyah and al-Buhayrah.

In the other governorates, the men are more receptive to migration, whether into the governorates or out of them.

From these facts, it is apparent that about one quarter of the population of Egypt has changed in geographic terms, as a result of internal migration, which has contributed to a redistribution of the population among governorates.

Central Agency for Mobilization and Statistics figures show that more than a million citizens migrated from rural areas to towns in a period of just 10 years, from 1960 to 1970. Conversely, there was a drop in the proportion of rural inhabitants to the total population, from 81 percent in 1970 [sic] to 56 percent in 1976.

As a consequence of this numerical fact, a reduction has occurred in agricultural workers in Egyptian rural areas, since the labor ratio totals 1.5 workers per feddan which means that the entry of mechanization into the countryside will lead to further migration to the governorates of attraction. This is the difficult equation, as far as the problems of migration and the provision of agricultural labor go -- an equation which Egypt is suffering from, especially since Cairo alone represents half the population of the cities of Egypt and it and Alexandria account for more than 65 percent of the total population of the cities in Egypt.

The studies affirm that the most important factor in migration is the economic one, as a basic motive force behind this migration, since a comparison is made in the mind of the migrant between his life in his town and his future life in Cairo.

#### The Start of the Migration Process, Historically

Figures in the joint studies stress that the migration to Cairo started in 1917 and went on until 1960. Al-Minufiyah was in first place in this process, offering 20 percent of its population as migrants to Cairo alone; conversely, Giza has received about 35 percent of the emigrants from the Governorate of Cairo.

This in itself underlines the interaction among the governorates in Greater Cairo. Conversely, the central governorates of Egypt send out 7.8 percent of [the bulk of] this migration.

This has resulted in a serious rise in the rate of migration to Cairo, which is as high as 2.1 percent, and extremely high rate, which also means that 22.2 percent of the population of Cairo is alien to it. That also confirms that the population of Cairo, which ranks 12th among the capitals of the world in terms of population density, will come to approximately 20 million persons in 2000!

#### The Harmful Effects of Migration

While migration is desirable in many places on the map of our country, it becomes a burden for cities of attraction, since it leads to deficient services and utilities, which are providing services at rates greater than those for which they were allocated, and increased problems of transport and communica-

tions, to which are connected bad roads, tangled traffic and the bad state of vehicles and modes of transport, which serve numbers of people far in excess of their capacity every day, causing millions of people to suffer, and also leading to a drop in the hypothetical life of these means of transport.

In addition, the telephones have become inoperable in many sections, there has been a drop in the individual's share of health and social care, Cairo's share of green areas and open spaces is scanty in spite of the pollution that threatens the capital and the fact that the degree of population density and congestion have risen to crippling levels, the housing shortage has increased, and Cairo has started suffering from phenomena that had not been familiar to it, such as people living in cemeteries and the serious, harmful social effects arising from that.

Migration has also led to the failure of schools to absorb the requisite numbers of people, the emergence of haphazardly growing districts, reflecting the phenomenon of encroaching urbanization, since the inhabitants of these districts have turned into city dwellers while their life styles or social behavior patterns have not changed, resulting in the emergence of unhealthy symptoms in the society.

The increase in the population of Cairo to 14 percent of Egypt's total population in 1976 and 20 percent in 1980, which has resulted in the drain of jobless people from other governorates to work as itinerant vendors in the shadow of bad social, sanitary and economic conditions, has resulted in the creation of different human agglomerations containing dense population accumulations that are backward in terms of awareness and have a high birth rate. Along with that, these marginal agglomerations are accustomed to demanding their share of appropriate services, which has led to the creation of numerous problems, foremost among them the disruption of public security. Ultimately, utilities become inadequate in the face of this storm of marginal humanity encroaching on the bright lights of the city.

To round out all the links in the chain of dangers arising from increased rates of internal migration, we find that the rates of daily migration of workers into Cairo have reached a dangerous level, since the number of people migrating each day comes to 1 million, representing a sudden additional burden on delapidated utilities and an increase in congestion, noise and chaos, resulting in inadequacies in the utilities and pollution of the environment.

The gravity of the situation increases when one realizes that the population density in Cairo has reached 2,000 per square kilometers, which amounts to five times the internationally prescribed level.

The important question becomes: how can one avert the catastrophe before it occurs?

[10 Jan 83 p 3]

[Text] Before the utilities of Cairo suddenly collapse, their subject is being brought before the People's Assembly, which is beginning a comprehensive confrontation with that issue today.

The day before yesterday, lengthy discussions went on in the parliamentary committee in charge, at a session that brought together members of the committee, and people in charge of Cairo's utilities, before the entire file is presented to the People's Assembly today, so that broad discussions may revolve about it in view of public opinion.

AL-AHRAM Investigations is presenting this vivid report today, based on the discussions by members of the parliamentary committee and the senior officials who have put their hands on the sources of the ailment and have sounded the warning bell before anything of regrettable consequences occurs.

Today the People's Assembly is starting a comprehensive confrontation with the catastrophe of the collapse of utilities, especially the sanitary drainage — one consequence of which has been the flooding of some villages in Giza and the loss of some of the best land on 10,000 feddans of farmland.

What have the people in charge of sewers in Egypt done to cope with the rupture in pipes, which are threatening life in our good country?

The warning bells must be sounded over the heads of all officials, so that the situation will not reach the point where we find that sewage is being mixed in with drinking water.

These questions and observations imposed themselves in the first confrontation of its kind between all the people in charge of utilities in Egypt, headed by the minister Hasaballah al-Kafrawi, and the responsible parliamentary committee headed by Eng Muhibb Istinu, which decided, before presenting the matter to the assembly, to hold a confrontation with officials in order to define, before the masses the areas of responsibility, for what Eng Istinu has described as a matter that expresses planning chaos in our country.

He states, with utmost passion, "The unfortunate thing is that 10 years ago plans were announced to bring sewers into 25 towns, but not a single project was completed in a single town. In fact, the matter becomes extremely serious when we realize that the 5-year plan will end in 1986 and that some of these systems, which are approaching [the end of] their hypothetical life, will not have been installed.

"People in charge of the sewers have managed to squander 700 million pounds while not a single project has been erected, at a time when the amount of money spent on each project was no less than 3 million pounds.

"This is all the result of bad planning and the government's eternal tendency to settle the accounts from allocations for sewers."

Eng Muhibb Istinu, who based himself in the confrontation on the plan document authorized by the People's Assembly, gave an example of an Egyptian city besides Cairo, Alexandria and Giza.

The costs of the sewer system in Dumyat were estimated at 24 million pounds. Then there was an allocation of 7.3 million pounds, then an additional 7.3 million

pounds in the 5-year plan that is to end in 1986; nonetheless, 9 million pounds still remain. These are to be allocated, God willing, in the 5-year plan following the next one.

The chairman of the Parliamentary Housing Committee will present a specific recommendation in which he will request that all construction expansion projects in Cairo be suspended. He says, "150,000 new apartments are being erected in West Cairo and their waste disposal is guaranteed to inundate the Governorate of Giza.

"The government must immediately review the manner in which it is coping with this catastrophe, and set a date by which we will complete systems in specific towns, instead of breaking the machinery and equipment up until it corrodes and the period for sewer projects in Egypt stretches to 20 years while the time set for completing them is just 5 years.

"According to estimates, the problem of sewers in Cairo will be ended in 8 years."

Eng Hasaballah al-Kafrawi, the minister of housing and development, says, "I admit that the budget allocated for sanitary drainage has not been a fair one, that the situation in 216 towns in Egypt is in a state of decay, and that Cairo, although it is floating on a lake of sewers, is, with Alexandria, the best of the cities.

"I admit that one third of our people drink from ditches and that 65 percent of the service goes to Cairo.

"After the ruptures in Misr al-Qadimah, then the pipe in Giza, we intensified efforts to increase the allocations made. President Mubarak intervened and 8.87 billion pounds were allocated; in addition, agreement was given to offer additional grants and loans for facilities and to provide self-financing obtained from the receipts from land sales and so forth."

The minister announced the news that some friendly countries have agreed to defray the cost of the local component, as well as the foreign component, of the construction of some of the work.

"[He said] In addition, an agreement is soon to be signed whose value is expected to come to \$1 billion aimed at solving the problem of sewers in Cairo.

"This will require the suspension of construction growth in Cairo and we will have to expand the new cities and the small ones close to Cairo, so that the sewers in Cairo and Giza will not be affected.

"I am stating this because I cannot guarantee that any further ruptures in Cairo will be prevented; it is possible that if there is a rupture in Ghamrah -- God forbid -- we will be compelled to cut off the water as we are drowning in sanitation drainage."

The minister of housing declared his agreement that it was necessary to go back to the system of drafting engineers to give assistance as a national duty in the national sanitary drainage crisis.

He also declared his agreement to the establishment of a special ministry for utilities, now that these billions have been allotted to them. In the 5-year plan, the allocations came to 7.5 billion pounds.

The members of the parliamentary committee raise their questions:

Eng Mustafa al-Hifnawi, the former minister of housing, objects to the method for dealing with this crisis, saying that he saw, with his own eyes, in the streets of Misr al-Qadimah, houses floating in the sewers, and he saw the overflow inundating dwellings, destroying all paving work and rendering many families homeless.

[He added] "We must not forget that 800,000 new housing units are to be constructed in accordance with the 5-year plan: has provision been made to prepare special utilities in a manner that will not have an effect on the existing systems?

"There now are thousands of units that have been erected in the absence of any planning for utilities for them, and therefore there now are areas that have continued to be uncompleted for years because of utilities! The rates of waste disposal and the volume of the absorptive capacity must be determined so that we will be able to retain the necessary balance and so that there will be special criteria for providing for potable water consumption alongside sanitary drainage activities."

The committee member Kamal Badawi raises this point: "The risk that one must seek to avoid immediately is that of diverting sewage through the culvert that passes through the Nile River, which was erected in the sixties as a temporary relief measure to cope with the international publicity which had also declared that Cairo was inundational publicity which had also declared that Cairo was inundated. That was set aside for a sewer project which at that time was given the name '100 days 6 years,' so that we could start to prepare a new system, which is the project we are proceeding to change today. I say that because the masses want to be reassured regarding a serious process, which is the process of waste disposal, the disposal rates, and where the eventual outlet of the sewers will be. With my own eyes I have observed that the sewage water has exceeded the absorptive capacity of the Zayn drain, which has resulted in a flow of untreated sewer water into drinking water!"

'Umar 'Atiyah adds, "Sewer water has destroyed and inundated 10,000 feddans of the best land. The waste from the Iron and Steel Company goes into the Governorate of Giza and the towns in it. In addition, whole villages are submerged and the people in them are driven out of their homes, as a result of the overflow of the Hilwan sewers onto the people in Giza. Sewer systems have not been extended to 75 percent of Giza Governorate!"

Husayn al-Mahdi, the vice chairman of the Local Government Committee in the People's Assembly, says, "It is a wonder that steel pipes should go for 19 years without rupturing, bearing in mind that they last only 6 years."

He expects that other ruptures will occur in Cairo. As for the provinces, especially Banha, there are people who are suffering from the percolation of groundwater; although there are allocations that the people of Banha have arranged for, nothing has been done for 5 years.

The responsibility of the government in coping with the process and preparing personnel in the form of sanitary drainage workers is great. There is a draft which Muhibb Istinu, the chairman of the committee, and Kamal Badawi presented last year, but it was shelved. Therefore, we should not be surprised to find labor running away from this field.

The government must reach agreement on the draft law which Husayn Wishahi, the chairman of the Manpower Committee, has resubmitted. That is more feasible than the decree drafting government employees and engineers.

Eng Salah 'Abd-al-Qadir, the chairman of the National Water and Sanitary Drainage Authority, says, "We must take into consideration the factor of the time the sanitary drainage projects take, which is no less than 5 years. In addition, allocations are not generally easily available to respond to the needs of plants. After the allocations are made available, the east and west Nile projects will be carried out. These include complexes for the city of Imbabah, lifting stations, and discharge lines to the areas of Giza, Imbabah and the Pyramids, in addition to a major purification plant in Abu Ruwash and the replacement and renovation of existing facilities. The projects will be completed in full after the end of the 5-year plan."

Safwat 'Atallah, the chairman of the executive agency of water and sanitary drainage projects, says, "Agreement has been reached with America, Britain, the countries of the European Common Market and West Germany to finance the projects in Cairo, Alexandria and the canal cities. Agreement has also been reached regarding the other cities of the republic, with a Japanese loan which will be allocated to the financing of projects in the towns of al-Sharqiyah, a loan allocated by West Germany to finance projects in the towns of Kafr al-Shaykh, and the loan from the International Bank of Reconstruction and Development to finance the projects in Giza. Agreement is being reached with all the countries in Western Europe in addition to Rumania, Yugoslavia, Canada and Japan, with each country to finance projects in one of the governorates."

Eng Hasaballah al-Kafrawi, the minister of housing and redevelopment, says, "I have formed a special committee under the chairmanship of Eng Ibrahim Najib containing all forms of specialists to review the plan, and it actually has been reviewed. We will start project by project, and each governorate will receive its full share."

"We are in agreement, in the context of the guidance of water use, with the principle of imposing a specific tariff for water consumption beyond the moderate category, especially when we realize that water losses are as great as 50 percent."

Says the minister: "There are offers from certain friendly countries to supply spare parts for sanitary equipment, and the government can install this equipment or sell it for a token price."

Husayn Tal'at, the chairman of the Cairo waterworks, demands that the Imbabah water plant, which will produce 300,000 cubic meters in the new plan, be looked after so that no disasters take place in the next 2 years. Finally, in the face of the enormous dimensions of this shortage, which is threatening the green and barren lands in Egypt's territory, security is most serious, and the time has come for us to review the system of monitoring and to face the problem of labor with incentives and rewards, instead of setting out confrontational slogans without offering incentives to encourage workers to continue at jobs that entail risks.

[12 Jan 83 p 3]

[Text] Discussion is still going on regarding the subject of migration to Cairo, which has become plagued with a population glut and chronic ailments that have afflicted its utilities to the core!

Scholars and experts have come up with 30 integrated recommendations for solving the chronic problems and treating Cairo's body for all the effects of the diseases of old age that have found their way into it, before it is too late.

The first recommendation holds that concentrated efforts must inevitably be made to develop the rural areas, in order to block off the elements of a continuous expulsion of people toward Cairo and all the big cities.

Attention must be given to planning and developing medium-sized cities which are the capitals of governorates as well as towns which are district centers, so that they all may be turned into poles of local attraction reducing emphasis on the growth and haphazard swelling of Cairo. It will be necessary to turn toward regional planning in order to link these cities to their regions of attraction.

Construction growth in these towns must not be at the expense of agricultural land, especially in Upper Egypt, the area of the canal, the Red Sea and Mediterranean coasts, and also the fringes of the Delta.

A commitment must be made to take optimum practical steps, as was done when the Naj' Hammadi aluminum complex was built: the project was established far away from the population belt or the town.

The abovementioned recommendations must be linked to a plan to redistribute the population in Egypt and also to a national plan to use construction lands and link those to the small and medium-sized towns.

All industrial projects must be diverted away from the population belt of Cairo.

In addition, the abovementioned recommendations must be linked to the refusal to grant any permits for such industrial projects inside the cities of Cairo and Alexandria; these projects should be apportioned to other cities, and haphazard distributions within these governorates should be avoided.

Priority should be given to improving and developing the capitals of governorate which now have new town councils in accordance with the local government laws, so that compulsory migration from rural areas of these governorates may be diverted simply to the towns in those governorates, and not pass on to Greater Cairo.

The regional universities should receive a large amount of support so that they may achieve the goals for which they were established, in a manner that will help stop the flow of migration into the big cities.

It will be necessary to save Greater Cairo from drinking water pollution, through adequate coordination among the bodies that are concerned with the sources of this water, most important of which are the agencies of irrigation, industry and agriculture.

Attention should be given to groundwater activities, in terms of the periodic sterilization, purification and cleansing of aboveground water reservoirs.

Care should be given to reduce the great losses in the potable water systems, in view of the effect that has on the raising the groundwater table and its consequent ill effects on the environment, and the health of the environment, in addition to economic aspects — not to mention the imposition of unjustified new burdens on sewers.

The application and execution of the stipulations of Law 93 for 1962 on the disposal of liquid wastes should be intensified, as far as the treatment of these wastes before their discharge into watercourses of various kinds is concerned.

A plan should be set out for projects to get rid of or reduce water that seeps off at high rates in towns where it will not be feasible soon to install sanitary drainage projects for that water, in an effort to reduce the groundwater level, in view of the bad effect that water has on public health and the soil.

The necessary legislation should be issued on protection from air pollution. For instance, the locations of oil refining and chemical plants, cement factories and so forth should be specified.

The movement of heavy trucks, public transportation vehicles and vehicles that use heavy fuel — distillates and diesel — should be restricted to traffic among the towns from which they originate, on branch roads, and should be allowed into restricted centers for light transportation in the center of town only within the narrowest limits.

Workshops and small industries that produce pollutants should gradually be moved from the centers of towns into areas outside the towns and areas that are set aside for this purpose.

An effort should be made to develop legislation on the production and registration of means for resisting soil pollution.

Factory wastes and garbage must be eliminated by modern methods that have the objective of protecting the environment, by converting them into fertilizers and gases used for fuel and energy or by using them as fill in desert areas outside the city, to create areas that are fit for the planting of trees and the establishment of parks, since the per capita share of green spaces in Cairo does not exceed 40 square centimeters.

The law on public sanitation should be amended and developed in order to protect the environment through the use of sanitary means of transport, while determining the responsibility of the people supervising them and the people in charge of their performance, and penalties should be stiffened regarding people who are negligent in overseeing the rapid elimination and transfer of garbage outside the city by sound sanitary methods without harming the environment.

The requisite practical plans for public sanitation and the infilling of ponds and swamps should be set out.

An immediate effort should be made to alleviate the effect of congestion by restudying the appropriate modes of transport and traffic for each of the streets in the city that branch off from the ring roads built around them, and vehicular traffic should be prohibited on other streets.

Coordination should take place in carrying out expansions, renovations and replacements in the various utilities, in accordance with sound planning and the use of alternatives for sidewalks and streets during the construction period.

Places of business that disturb people's rest and cause noise should be removed by having them moved out of populated areas and by refusing to renew permits for populated areas.

Research and studies related to the environment, rules regarding the environment, elements in the equilibrium of the environment, preservation of the health of the environment, means of combatting pollution of the environment, oversight methods and efforts not to overstep the absorptive limits of the environment must be stimulated.

Instruction on the environment and protection of the environment should be given at various levels in government and private schooling.

The possibility of linking environmental legislation and development planning must be studied, since the legislation stipulates that development planning is to include the element of the environmental evaluation of projects.

A high-level committee or council should be formed for public utilities that will be concerned with planning and coordination among various projects.

An environmental agency or authority should be established which will be in charge of the responsibility of environmental planning, coordination and oversight among the units responsible for the environment in each ministry, governorate, executive authority and so forth, on grounds that the environment is a basis for the outlining of development policies of various kinds.

A system for monitoring the environment should be set up which will be in charge of monitoring pollution and pollution levels, so that it will be possible to cope with it at the appropriate time.

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CSO: 4504/163

EXPERTS VIEW PUBLIC SECTOR INDUSTRY PROBLEMS FROM VARIOUS ANGLES

Cairo AL-AHRAM in Arabic 24, 25, 26, 27, 28 Jan 1983

/Article by Ahmad al-'Attar, Sharif al-'Abd and Ra'fat A'min: "The Losses in the Industrial Companies: Will They End?"/

/24 Jan 83 p 9/

/Text/ In the budget for last year, 1981-82, 42 industrial companies realized losses amounting to about 160 million pounds. Of those, 11 companies realized losses in excess of half their capital.

This emphasizes the serious nature of the great difficulties that the industrial public sector is facing. These have had bad effects not just on the companies that have realized losses but also on the overwhelming majority of the 117 industrial companies that have been affected by these problems to varying degrees.

Adding to the gravity of the situation is the fact that the companies' main problems still exist. Indeed, some of them are becoming exacerbated, threatening the incomes of other companies going through a stage of losses and increasing the deficits in companies that are now realizing losses, exposing the entire industrial public sector to grievous dangers.

The Economic Page, starting today, is presenting the issue of money-losing companies. It will address itself to the opinions of officials in companies, experts and specialists in order to define the main problems in the companies and the solutions that are needed to cope with them.

At the outset, it was necessary to ascertain the opinions of the heads of industrial firms, whether they were profitable or ran at a loss--people who were involved in all stages of work and confronted problems of management, production and marketing--especially with respect to the companies' management methods, and whether they were run as economic units whose goal was partly to make a profit or as social authorities.

Mr Jamal-al-Din Ahmad, the president of the Oriental Tobacco and Cigarette Company, says "The company is an economic unit and one of its goals is to make a profit, in order to keep producing and providing commodities for the

citizen. We are exerting our maximum effort to improve the company's economic situation in all available areas. For example, the effort is being made to realize the highest capability in operation, guidance of raw materials consumption, and application of the best technological means and methods of production, in addition to attention to maintenance and training. Naturally, all these efforts have had an effect in reducing the costs of production, and consequently in reducing the effects of difficulties. However, whatever good effects our efforts might have, the problems and vexations we face result in the loss of all the positive effects of these efforts. The most important of these problems are the expenses of arranging foreign currency. When we try to buy production components from abroad in foreign currency, we face extreme difficulties. The first of these is that we are compelled to open an open withdrawal account at a rate of interest in excess of 13 percent. We also buy dollars at prices that are much in excess of their official rate, which is 84 piasters. The price of the dollar recently went up to 116 piasters, an increase of 32 piasters or 38 percent over the official rate. That is, the company incurs interest and costs that are in excess of 50 percent on arranging the foreign currency to buy its accessories from abroad. Unfortunately, most banks exploit our intense need for foreign currency and impose harsh conditions on us, in particular high prices for currency, which increases our vexations and their earnings. We also do not receive any support from the government to compensate us for the burdens we bear against our will, even though the company is an important source of revenues for the government. Last year (1981-82), the company provided the government with 35 million pounds, 161 of which were in the form of user taxes and 198 million in the form of customs duties, while the profits were 155,000 pounds."

Mr Jamal-al-Din adds, "The reason a loss was not incurred last year lies in a number of factors, one of the most important of which was the efforts made to reduce costs. In addition, the price of the dollar was only about 1 pound. During the year, circumstances changed. One of the most important of these was the cost of procuring hard currency, in addition to increasing our production to 36 billion cigarettes, as compared with 30 billion in 1981-82, which means an increase in losses because the sales price the company gets was below the cost of production. That has all led to the fact that the losses it is expected will be realized this year (1982-83), according to the planning budget, will come to 53 million pounds, and that could be greater if the current had circumstances continue. As for what the government will receive in the form of customs duties and user tax this year, that will exceed 440 million pounds." Mr Jamal-al-Din Ahmad stresses that, in his opinion, "The solution will require the formation of a committee made up of all the public sector commercial banks to buy foreign currency so that these banks will not be compelled to compete to purchase foreign currency, which will raise its price, and so that the situation we faced recently, when a bank offered to provide us dollars at a rate of 108 piasters while another bank offered to provide them for 116 piasters at the same time, will not be repeated. In addition, the Ministry of Finance will have to pay the increase in the official price that it incurs when arranging for the foreign currency, deducting what it pays, and it will be necessary to determine the sales price of our products so that that will be in accordance with costs plus a modest profit margin."

Mr Mustafa Kamal Salim, the president of the al-Nasr Tobacco and Cigarette Company, says, "The al-Nasr Company is an economic unit, not a social organization. Consequently, one of its objectives is to realize profits, and its capital is supposed to yield a profit. However, the company's activity last year (1981-82) incurred a loss of about 4 million pounds, in spite of all the efforts that were made. One of the main reasons for the loss was pricing, in addition to the high prices of production accessories, as a result of world-wide inflation and the rise in the costs of procuring hard currency. Two basic elements realize a profit for us. The first is mild tobacco, which realized profits of about 650,000 pounds. The second element is exports: these realized profits of 250,000 pounds. Had it not been for these two factors, the losses would have been greater. However, we exerted great efforts to cope with the problems. We resorted to seeking diverse types and sources of tobacco in order to obtain suitable cheap strains, and we produced an advanced type of cigarette at prices realizing a profit, though which we managed to make up for some of our losses. There is no doubt that these efforts have had good effects, but the main elements resulting in the realization of losses still exist, and we are not getting any subsidies to compensate us for our losses. We realized losses of about 4 million pounds although we provided the government with about 80 million pounds in user taxes and customs duties." Mr Mustafa Kamal Salim asserts that the basic solution for coping with these problems lies in the need to review pricing in the case of products that are realizing losses, so that these will be set according to cost plus a modest profit margin, say 2 percent.

/25 Jan 83 p 9/

/Text/ The Economic Page is continuing the discussion of the issue of companies that are operating at a loss. Today it will address itself to the problem of "pricing," and whether that is the main reason for losses or is an excuse behind which other mistakes in management, production and marketing are hidden. In addition, there is the system of the subsidies offered to companies to compensate them for losses, and whether they should be retained or put in effect in the distribution rather than the production stage.

Mr 'Abd-al-Hamid Sa'id, president of the al-Nasr Canned Food Company and the person in charge of the Edfina Canned Food Company, says "There is no doubt that the company sets out its plans on economic bases. If there are other goals dictated by circumstances for social purposes, those are outside the company's control and affect its plan.

"The government resorts to providing the company with subsidies that are equivalent to the difference between the cost of production and the sales price, which is set on a compulsory basis after a review of costs and confirmation that there have been no excesses in costs but that they are outside the company's control. However, on some occasions these subsidies do not cover the companies' losses, and, although the subsidies have largely been kept in an orderly manner in the recent period, I consider that the companies must be held accountable on a basis where their products are priced in a manner which is determined in accordance with sales prices plus an appropriate profit

margin. If the government wants to offer subsidies to reduce the price of a commodity, that will have to be done at the distribution stage, so that the distributing bodies will receive the subsidies. However, attention must be given to the fact that the failure to stick to pricing on some occasions is a peg or an excuse behind which other flaws are hidden, such as waste, the failure to guide spending in the production stages and errors in management. Of course, all these factors lead to increases in costs, and consequently increases in prices result from that. I therefore consider that it is necessary to guide production costs to the greatest possible extent, so that there will be a review of costs by means of committees that contain experts and specialized technicians to ascertain that there is no wastefulness or excess in production costs. In addition, this system will show the companies' economic situation and their true financial status."

Mr 'Abd-al-Hamid Sa'id continues, "Pricing is not the only main reason for company losses. Since the start of the seventies, one of the companies that specialize in food production faced constant losses, which put it in an embarrassing position. However, when a new board chairman was appointed to it in 1974, the situation changed completely, conditions started to improve, and the company was able in just 2 years to realize a profit. With respect to the Qaha and Edfina companies, their figures for 1981-82 showed that the Qaha Company realized profits but that the Edfina company, which I was appointed to be in charge of last March, realized a loss." Mr 'Abd-al-Hamid Sa'id states that the reason for the success of the Qaha Company in realizing a profit, although the prices of the two companies are compulsorily set at a rate that is about 30 percent below cost, "may be attributed to the fact that the company is concentrating on increasing its exports, as well as seeking to guide spending at all production stages and working to exploit all the capacity available in the company, so that production costs will be reduced to the lowest possible level, and consequently the losses from local sales will be reduced, as will the subsidies the company receives to compensate it for the losses from local sales."

Mr Mustafa Subhi, the chairman of the Egypt Dairy and Food Company, says "The main reason for our losses last year, 1981-82, which came to about 4.5 million pounds, is the current system for pricing our products, which does not correspond with cost in the case of the majority of these products, since most of the prices of our products are below production cost. We are also suffering from increased withdrawals from open accounts, which has caused the company to bear an interest of 1,446,000 pounds in addition to the expenses of procuring hard currency. We are also suffering from inequality of treatment as far as some of our products go. For example, the company has been paying customs duties on some production components which enter into the manufacture of some of our products at a time when similar, imported products like processed cheese, for example, are totally exempt from customs. However, in spite of all these problems, we have been exerting great efforts to cope with various difficulties. The rates of use of production components have been guided and in addition increased attention has been given to quality to guarantee that there are no waste products, which represent costs without revenues. An effort is also being made to raise the rates of performance by giving attention

to training courses and the guidance of energy consumption. There is no doubt that all these efforts have had positive effects on the company's activities, but the situation requires the adoption of a number of measures to cope with problems in a comprehensive manner. One of the most important of these is to adjust pricing in the case of products whose sales price is below cost. However, the adjustment will have to be gradual so that no jolts will occur in the market. It will also be necessary to eliminate the subsidies the company receives to compensate it for some of its losses, but after the company's accounts have been reviewed in light of the sales cost of its products and a suitable profit margin, so that, if the government wants to subsidize the prices of a given commodity, that will be done at the distribution rather than production stage. However, if it is necessary to follow the current subsidy system, that will have to be commensurate with the company's losses. In the budget for last year, 1981-82, the estimated losses were 9.6 million pounds. Nonetheless, it was decided to give the company subsidies of just 5 million pounds, and that has resulted in the incurring of losses, which approximately represent the difference between the estimated losses and the subsidies provided to the company." Mr Mustafa Subhi added that it was necessary that the provision of subsidies to the company occur on schedule and that there be no delay, or else the companies would be compelled to borrow from banks, and also that it was necessary to eliminate or reduce customs tariffs on some production components that entered into the manufacture of some products, when products similar to those imported were exempted from customs.

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/Text/ Today the Economic Page is continuing the discussion of the issue of money-losing companies, presenting the views of the people in charge of industry in the People's Assembly and economics experts, who offer their views on the reasons for the losses and the necessary solutions for remedying them.

Eng 'Abd-al-Wahhab al-Habbak, the chairman of the Industry Committee in the People's Assembly, says that public sector company losses may essentially be ascribed to the constant increase in production costs at a time when a constant stability in sales prices has been evident, with the result that the gap between sales prices and costs has widened to a point which has turned public sector company losses into a general phenomenon. The high costs of production can in turn be ascribed to a number of causes, most important of which is the rise in wages that all companies in the public sector are defraying now. The average worker's wage in industry a few years ago was 350 pounds a year. That has now risen to 1,500 pounds a year. In addition, there has been an increase in international prices, which of course has resulted in an increase in the costs of imports. In addition, there has been a rise in the rate of the loss of production accessories, as a result of the obsolescence of machinery and equipment, in which no replacements and renovations have been made because the necessary investments were not made in past years. Alongside all that, among the factors that affect production costs and have led to a tangible increase in these costs is the increasing reliance by public sector companies on commercial banks to finance their requirements, in terms of current operations and investments, because of a deficiency in these

companies' financing structures, as no changes have occurred in their capital, which is almost stable, while numerous expansions are being made in the companies, keeping the capital from responding any more to the requirements arising from every expansion. That compels the companies to make open account withdrawals and bear the interest on these debtor accounts, which cast their increasing burdens on the company budgets.

"This has all led to an expansion in the gap between costs and fixed sales prices, and that in turn has led to further losses in the public sector companies. In general, the producers must not bear these losses, for a number of reasons, first of which is the fact that they will be incapable of self-financing to replace and renovate their equipment because of the losses. That will result in a drop in the volume of production and the level of quality.

"I do not imagine that the draft on the public sector that the government recently submitted will represent a remedy to the problem, because the draft addresses itself to administrative aspects only and does not deal with economic policies. I would like to assert that the remedy to the situation that exists in the public sector companies, in a form that has led to exacerbated losses, requires that we concentrate on three important aspects: the Law on the Companies, the Law on Public Sector Employees, and economic policies. We need a comprehensive look at the three aspects together, since each complements the other, in the sense that if we give free rein to wages but do not review sales prices we will not come up with any results, and similarly, if we raise sales prices to keep abreast of costs without setting out a sound system of wages and incentives we will not arrive at the desired remedy either. The public sector produces 75 percent of the domestic output of the industrial sector, and undoubtedly needs to have these conditions corrected quickly, or else matters will become more complicated with the passage of time. Therefore it is necessary to hurry to remedy the problem of sales prices and come up with appropriate economic prices that are in keeping with costs in the light of the increases that have occurred in them. By raising prices, we do not mean eliminating subsidies but rather having the government subsidize the final producer, provided that the companies set their own prices in accordance with costs and provided that supervisory bodies be provided the supervision which will guarantee that all excesses concerning the stipulated economic price be avoided. Ultimately, that will all be in the interests of the consumer, on whose behalf the government imposes compulsory prices on public sector products, although these products do not reach him in the end because of a shortage in production or the drainoff of products into the black market--all as a result of compulsory pricing."

Dr Ahmad Jami', professor of economics at 'Ayn Shams University, says "The concept of the public sector in the government is not clear, and there are no specific features that distinguish it. Does the definition of the public sector center on the fact that it is the sector that sells its products at below cost, or is it the sector whose company managements do not have the freedom and independence to determine their prices in accordance with changes in the market and are consequently managements in name only?

"The problem arises basically from the fact that we have not come up with any distinguishing characteristics for the public sector in Egypt. Is the essence of the public sector the fact that no changes that might occur in production costs should enter into its consideration when the sales price is set, or should it be on an equal footing with the private sector in pursuing its activities?

"The remedy to the problem requires that the people in charge of the Egyptian economy sit down and determine the scope of the public sector's activity and its goals in order ultimately to come up with a group of companies that will exercise their activities on an equal footing with the private sector and will consequently be required to realize profits, obtain their accessories at the market price, without subsidies on any given production components, and also sell all their products at the market price.

"We also encounter an additional group of companies in the public sector whose goal is only to provide a commodity or a service for citizens at prices below those which would have prevailed in the context of economic calculations. In this event it is justifiable to provide production components at the subsidized price to these companies; it is also reasonable for these companies to realize a loss, since in this situation losses are planned and known in advance, and the government assumes the responsibility of covering them through its budget and consequently there is no justification for feeling anxiety over these companies' losses.

"The situation therefore requires that one distinguish between what we could consider reasonable, planned losses in some companies and areas in other companies that are supposed to realize profits where one cannot accept losses.

"With respect to companies that ought to realize profits but have incurred losses for reasons that could not be dealt with, it is possible to eliminate these companies, since they are incapable of realizing profits? Consequently the public sector could rid itself of specific activities which do not yield it or the government any benefits, and do not realize a profit or provide commodities at a subsidized price.

"However, the light in which the public sector now appears is one of an overlap among companies. We do not know which companies lose money because of the circumstances under which they operate, which lose money because of bad management, and which lose money because of sloppiness on the part of workers. That is a serious matter because it makes it difficult to conduct an evaluation and an accounting.

"Therefore it is necessary that there be clarity of vision in this regard, and it is necessary that this overlapping come to an end.

"The al-Nasr Automobile Company, for example, is supposed to be a profit-making company, not one of those where losses are considered to be acceptable. However, actual conditions show that this company has failed to make a profit, because the car is sold for less than what it takes to cover costs and a profit margin. This means that the government is subsidizing cars, a matter

that cannot be accepted in a society such as ours. The same is the case with many commodities that are sold at a low price."

/27 Jan 83 p 9/

/Text/ The Economic Page is continuing its investigations into the issue of industry. It is letting officials, in the form of the heads of companies, deal with the various aspects of the issue in their respective fields of activity--not just to defend themselves, because they are defendants, but to state the truth from their own positions. Today Eng Hilmi 'Umar, president of the al-Nasr Coke Manufacturing company, says that the company's losses come to 57 million pounds but that this must not be taken as proof of its weakness; rather, there is an important element, which is that that company produces an intermediate commodity for major companies, the most important of which is the Iron and Steel /Company/, and thus assumes maximum importance in the domestic economy.

Hilmi 'Umar, president of the al-Nasr Coke and Basic Chemicals Company, says "The losses the company is suffering from, though it is one of the main pillars of the iron and steel industry, is the result of the fact that the prices for its products, especially coke, which accounts for 90 percent of its total output, have failed to change, and the result of obstacles the company comes up against from the Ministry of Finance, since the company receives about 32 million pounds in bank interest, loan procurement and customs changes. The same with the Ministry of Planning, and the restrictive bills in the public sector legislation." In order for a change to occur in prices, he calls for recourse to a political committee; prices are a basic obstacle, and a decree to change them must be issued by the minister of industry.

"The company produces about 45 products, the most important of which is coke, which is considered an intermediate commodity in the production of iron and steel. The failure to provide the iron company's requirements for coke would compel it to import coke at high world prices. Therefore, the company is committed to producing the Iron and Steel /Company's/ requirements, and the company's commitment exposes it to great losses, totalling 35 million pounds. The raw materials for a ton of coke cost 126 pounds, on top of 14.5 pounds in administrative costs. The Iron and Steel /Company/ takes delivery of a ton for 60 pounds, in addition to 40 pounds in subsidies from the government. That means that each ton of coke causes the company a loss of about 16 pounds. Why should the company defray the loss on behalf of the Iron and Steel /Company/, which realized a gain of about 4 million pounds this year? In addition, we are suffering from a lack of commitment on the part of the companies to take delivery of our products, since the company plans its output on the basis of the requirements of agents, and there usually is one agent for each producer. If he fails to draw on production as a result of industrial breakdowns, we are compelled to suspend production or continue to produce certain products. Shutdowns expose us to great losses, since most of our products cannot be stored, such as the asphalt plant's production and certain other products the company's storage capacity is adequate only for strategic storage, and the short-range export potential is limited, especially since the world market

for iron and steel production is in a recession. There was a plan to produce 1 million tons of coke last year, in spite of the company's objections and demand that that be just 950,000 tons, and to allocate 930,000 of the 1 million tons to the Iron and Steel Company. However, it withdrew only 853,000 tons of that, resulting in a deficit of 78,000 tons. We managed to store 65,000 tons, the maximum storage capacity, and about 26,000 tons were exported. The reasons for the deficit in the withdrawal of production, according to officials in the Iron Company, could be attributed to the guidance of the rate of coke consumption in the high-temperature furnaces and the replacements and renovations done in the furnaces in April and September, which caused steel production to drop to its lowest level at a time when the company could not reduce its coke production, because that would mean shutting off the battery of furnaces, which generally is not possible /line apparently missing/ for the company capital, and as a result of that there is a reserve of about 300,000 tons in the two companies. Since the company has contracted to have the raw material of coal supplied from abroad, it is compelled to process it, because that is a raw material that can be spoiled if it is not processed. Therefore, if there is the slightest damage, the company sustains it because of the pile-up of production."

However, is that attributable to the absence of good coordination between the two companies as an integrated economic unit, since coke is considered an intermediate commodity in the production of iron? The president of the company says, "There is coordination, but it appears that last year's plan was ambitious; that was an exaggerated form of ambitiousness, because the company's output and the Iron and Steel /Company's/ consumption will remain at just 900,000 tons in coming years.

"Regarding the production of the asphalt and cathodic pitch plant, the targeted plan was to produce 20,000 tons; 14,500 tons were produced. The reason for that was that the only agent, which was the Aluminum Company, had a backlog of imports, because the productive capacity of the factory is 30,000 tons, which are the actual requirements of the aluminum plant, but it does not produce at its maximum capacity because the design of the factory was based on the use of raw materials imported from the Soviet Union, in which the asphalt content is considered higher than that in similar raw materials imported from Australia and America. Coordination took place between the company and the Aluminum Company to meet its requirements in full and stop importing after the stockpile it had in storage was used up.

"The concentrated (qatrik) plant was shut down because the building collapsed owing to the existence of basic design flaws in the industrial drainage system; the building has been repaired and the plant has been put back in operation.

"The fertilizer plant realized the targeted plan after an increase of 21.7 percent. That does not present a problem, since the government subsidizes production based on the computation of an appropriate profit margin.

"As a result of the lack of change in coke prices--bearing in mind that the current price is 60 pounds per ton--there was an amicable agreement between

the Iron and Steel and Coke Companies; however, although that has become binding on the company, it now represents only one half the price of the raw material. As a result, the reserve of credit withdrawn from the bank has risen to 94,789,000 pounds, of which the company is paying 11 million pounds.

"This sum can be attributed to the resolutions of the financing structure committee. The company has about 50 million pounds in investment differences /sic/, which the company financed, and we have a credit of 40 million pounds with the Iron and Steel Company and about 24 million pounds with the Ministry of Finance in subsidies from 30 June 1980, for the year 1980-81. Payment of these sums will compensate for the credit that has been withdrawn. Discussions are underway to transfer the reserve of credit withdrawn to a loan in order to reduce the interest rate. Had the sales price of coke to the Iron and Steel Company been modified in a manner that was in keeping with costs, while the prices of the other products were not modified, the company would not have come out at a loss. We came into last year's budget with a budget that had been authorized by the government, setting losses of 40 million pounds. The Ministry of Industry has almost finished studying the reform of the financing structure and the reform of coke pricing, and the Iron Company will pay for all the withdrawals it has made, currently, except for 3.5 million pounds for improvements in specifications in accordance with the contract between the two companies, to which the Iron and Steel /Company/ refuses to commit itself.

"The strange thing is that the company, through its production, is contributing to profits in all the companies it deals with. The Iron and Steel Company realized profits of 4 million pounds, the Egypt Chemical Company made 2 million pounds, the Abu Za'bal Company made 1.7 million and the Paint Company made 3 million pounds. In whose interests is it for the losses of the Coke /Company/ to come to 57 million pounds, in comparison with these companies' profits?

"As a result of the losses the company incurred through the coke price, it has decided that production this year will be 900,000 tons, and will drop to 850,000 tons next year."

/28 Jan 83 p 5/

/Text/ Over the past 4 days, the Economic Page has been presenting the issue of domestic industry, with reference to losses that were realized in the 1981-1982 budget. We left discussion of the issue with the people concerned with the problem, the heads of the industrial companies, so that they could say their say, not out of self defense but to give a realistic view of public sector industrial companies. Most of them agreed that the main reason for their losses were frozen prices, which have not been changed, in spite of the cost factors, which have been increasing year after year. Some others said that the commitment to appointing new graduates and adding new labor was a burden on costs. Many of them reiterated the charge against the banks, saying that they sold them the necessary foreign currency for importing their production ingredients at the black market price. The last group, the ones who made a

profit, said that although the prices of their products were priced on a compulsory basis, they nonetheless realized profits, by guiding the elements of cost, eliminating wastefulness, and devoting a portion of their production to export. The presentation of the issue has had obvious repercussions, since the Economic Page has received a number of opinions from people who are concerned with national issues. Dr 'Ali Lutfi, chairman of and professor in the Department of Economics at 'Ayn Shams University and former minister of finance, is presenting us with his view of the issue today:

There is no doubt that the industrial public sector companies are considered one of the main pillars of our domestic economy. We need only recall that this sector contains 117 companies whose fixed assets come to more than 5 billion pounds, that more than 600,000 workers are employed in it, that it provides an annual output valued at about 4.5 billion pounds, and that it helps support the balance of payments through exports that total about 450 million pounds a year. This is in addition to the contribution the sector of industry makes to the government's general revenues through the surplus it realizes and through the taxes it pays. If we try to make a comparison between companies in the sector of industry and companies in the other sectors that lie within the context of the public sector, we will find that the industrial sector occupies first place among public sector companies.

Before we begin to review the problems facing the industrial sector and the possibilities of solving them, we will present some observations through data released by the minister of industry regarding figures on this sector's operations in the fiscal year 1981-82.

First, it is clear that strong conservatism has been exercised in setting out figures in the industrial companies' planning budgets, in order that it would be apparent, by comparing actual and targeted figures, that the targets were 100 percent attained, and more. For example, the industrial sector's actual exports in 1980-81 came to 415.8 million pounds, while the plan aimed at the realization of 392.2 million pounds in 1981-82--that is, 23.6 million pounds less than the level actually reached the previous year.

Second, it is clear from an analysis of the figures bearing on the development of industrial output in 1981-82, as compared with that in the previous year, that the rate of development in some basic commodities was very low, while the rate of development in certain luxury goods was very high. While the rate of development in oil production was zero percent, that in detergents 2 percent, that in glass 2 percent and that in tomato sauce 4 percent, we find that the rate of development in color television sets came to 83 percent and that in Coca Cola and Sico to 60 percent.

Third, it should be observed, through an analysis of figures bearing on wages and productivity, that wages in 1981-82 as compared with the preceding year increased at a rate greater than that of the increase in productivity.

As far as wages are concerned, we find that those increased from 606 million pounds in 1980-81 to 818 million pounds in 1981-82, an increase of 212 million

pounds or 35 percent, and that the average worker's wage increased from 1,009 pounds in 1980-81 to 1,349 pounds in 1981-82, that is, an increase of 240 pounds or 34 percent. As for production, we find that that increased from 3,977,900,000 pounds in 1980-81 to 4,476,200,000 pounds in 1981-82, an increase of 498.2 million pounds, or just 13 percent! The average productivity per worker also increased, from 6,619 pounds in 1980-81 to 7,325 pounds in 1981-82, or an increase of 704 pounds--an increase of just 10.5 percent!

There is no doubt that the fact that wages increased by a rate higher than the rate of the increase in productivity has led to a rise in prices. That does not mean that we are demanding that wages not be increased; rather, it is necessary to adopt measures that allow an increase in productivity at high rates that are in keeping with the rates of increases in wages.

Fourth, it is clear from an analysis of the figures that productivity per pound of wages dropped in 1981-82 over the level in 1980-81. While the productivity per pound of wages in 1980-81 was about 6.6 pounds, we find that it dropped to about 5.5 pounds in 1981-82.

Fifth, perhaps the most important and serious index is the one related to profits. Seventy-five companies realized total profits of 121.2 million pounds in 1981-82, while 42 companies realized losses of 159.8 million pounds in the same year. That means that the industrial sector as a whole realized losses of 38.6 million pounds, which means great losses for the domestic economy that one can estimate as follows.

The fixed assets of the industrial sector are estimated at about 5 billion pounds. If that sector were to realize a reasonable rate of profit, let us say just 10 percent, that would mean that its profits would have to come to 500 million pounds a year. If to that we add the losses it realized, the loss to the domestic economy would be about 538.6 million pounds. This is in addition to the fact that the continued realization of losses in any company will of course result in a disruption in its financing structure and a deficiency in the liquidity that must be made available, and therefore the company's inability to continue its activity. In order to learn how grave this situation is, we need only recall that the losses in 11 companies in 1981-82 came to more than half their capital!

Perhaps we might now wonder about the causes that produced these conditions.

The minister of industry, in his recent statement, mentioned five causes, including four that were outside the control of the companies--disruptions in financing structures and a shortage of liquidity, increases in the prices of foreign exchange, inevitable increases in wages as a result of the laws and decrees issued that year, and electric power breakdowns. As to the fifth cause, which enters into the scope of company management, the minister mentioned that explicitly: that was inadequate management, in the case of certain companies.

Although we agree with the minister that these causes exist, we might cite the following observations:

First, as far as the disruptions in the companies' financing structures and the shortage of their liquidity go, the matter requires the rapid resuscitation of the committee that was formed in 1979 in the Ministry of Finance to clear up the financial confusion and remedy the disruption in the financing structures by determining the indebtedness of the public sector companies toward the government, the banks and one another, and to carry out an overall settlement, then adopt decisions that would allow the remedy of the disruptions that clearly exist in the financing structure.

Second, the proper selection of leaders and the constant monitoring of the companies' activities could have prevented some of the companies from realizing losses because of deficiencies in management.

Third, there should be a review of the system for distributing profits among workers in companies, and replacement of that by a system of incentives of various types, collective and individual, material and moral, positive and negative. It is not reasonable that the sector of industry should realize losses of 38.6 million pounds while profits of 42.5 million pounds are distributed. In addition, the profits that were distributed this year exceed those distributed last year by 11.3 million pounds, or 36 percent!

Fourth, the minister did not point out that one of the causes of losses in some companies in the public sector was the fact that they were compelled to sell some of their products at cost, indeed, on some occasions, at prices below cost. Therefore the situation requires that the industrial companies sell their output at an economic price--cost plus a reasonable profit margin--and not at a social price.

If the government considers that some basic commodities must reach the consumer at a low price, it must buy these commodities from the public sector at the economic price, then subsidize them at the final stage, that is, the stage of their sale to the consumer.

Fifth, haste should be made in issuing the law to develop the public sector, of which there has been talk for a long time, though it has not yet seen the light of day, so that it will be possible to eliminate all the obstacles that are standing in the public sector's way toward the attainment of its goals.

Sixth, the industrial companies should be compelled to publish figures on their operations and their final accounts.

11887

CSO: 4504/175

ISLAM SEEN AS ASPECT OF MAURITANIAN FUTURE

Nouakchott CHAAB in French 13-14, 16 Jan 83

[Interview with Minister of Justice and Islamic Affairs Abdel Aziz Ould Ahmed, reprinted from CONSCIENCE ISLAMIQUE, date and place not given]

[13-14 Jan 83 p 2]

[Text] CONSCIENCE ISLAMIQUE is a cultural periodical which focuses on Islamic studies and information from West Africa, which is published in Senegal.

This month this periodical brought out a special issue on Mauritania. This issue devoted to our country includes among other things extracts from the speeches delivered by Lt Col Mohamed Khouna O. Haidalla, president of the CMSN [Military Committee for National Salvation] and chief of state, in connection with the 22nd anniversary of the winning of our independence, as well as a number of interviews with Mauritanian officials, ministers in particular.

Today we are carrying in full below the interview granted to that periodical by Minister of Justice and Islamic Affairs Abdel Aziz Ould Ahmed.

In the name of the merciful Allah.

CONSCIENCE ISLAMIQUE: A year ago, your honorable president, known for his seriousness, his patriotism, his unflagging nationalism, his objectivity in analysis and his unshakeable faith in Allah took encouraging steps, including the elimination of slavery. What then are the first results of these measures?

[Answer] Let us recall first of all that slavery is a phenomenon spread here and there throughout certain countries. The courageous decision to abolish it adopted by the CMSN in the month of November 1981 juridically establishes the regularization of a de facto situation prevailing in our country for many years.

In fact, in recent decades the Mauritanian society has embarked upon a progressive advance toward social change. Trade and industrial activities have developed. Settled communities have gained ground over the nomadic way of life. The phenomenon of drought, which destroys the livestock herd, on the one hand, and makes living conditions ever more difficult, on the other, speeded up this settlement process.

Thus the search for employment on all sides has become more than a need in order to provide basic needs. Thus it can be said without risk of exaggeration that our country has been the only one to adopt both an official and a favorable attitude toward eliminating slavery.

Thus, I would say that this decision leading to effective integration of all the components of our society has made official a de facto development on all political, cultural and social levels.

CONSCIENCE ISLAMIQUE: We know that our sacred religion, Islam, is the religion of all the Mauritanian people. How then has it contributed to the strengthening of the bonds among the various nationalities among your people?

[Answer] Islam has always been the religion of all the components of our country. It is because of this that its legislation has been the sole arbiter in all disputes, as witnessed by the fact that all of the documents, reports and studies made available for the purpose were drafted in the name of Islam.

Thus social relations have always been, to the satisfaction of all, supervised by the divine law. This situation led to unity in the judicial system to which Moslems are loyal, setting aside their race and origin.

This strengthening of relations has also been realized on the level of:

- the mosques, frequented by all;
- the schools, which accept the children of all national strata; and
- the Sufi brotherhoods, who open their doors to followers, whoever they may be and whatever their origins, etc.

But this solidarity of bonds was manifested both on the level of the national leadership and that of the people in connection with the decision by the Military Committee for National Salvation to implement the Islamic shari'a.

CONSCIENCE ISLAMIQUE: With the military in power since 10 July 1978, what are the achievements of your government in the Islamic realm?

[Answer] Among the Islamic achievements since the advent of the military to power on 10 July 1978, we might list the establishment of an Islamic atmosphere in the country, the establishment of the Higher Institute of Islamic Studies and Research, which is a modern faculty providing the various sectors of Islam with trained higher cadres, in particular teachers, judges, preachers and muftis.

- the creation of the special criminal court of Moslem law responsible for hearing cases of willful manslaughter and theft;
- the court reform giving our former cadis their legitimate rights, by integrating them into the court framework and extending their jurisdiction;
- the creation of an organic structure to serve as a basis for the administration of the "awqafs" sector, which will be officially made known through a legislative text in the near future;

- the creation of an Islamic cultural association for the country;
- the reorganization of the libraries of our traditional "mahadras;"
- the battle against immorality;
- the periodic holding of seminars in each region for the instruction and motivation of mosque imams and mahadra teachers;
- the appointment of a national commission to oversee the "Vue du Croissant"--which was a national issue; and
- the establishment of a national commission responsible for studying the practical means of implementing the shari'a in all sectors over the whole of Mauritania's territory.

CONSCIENCE ISLAMIQUE: What was the spirit governing the reorganization of your courts on the basis of the Islamic shari'a? And what are its first results? Can one speak of problems in this sector? If so, what are you doing to cope with them?

[Answer] A return to authenticity, and therefore to national sovereignty, underlay the reorganization of our court system.

It was a question for us of decolonizing this particularly important sector of national life, which is moreover both a requirement and an aspiration of the people.

The immediate result of this step was first of all the satisfaction of all, those judging and those to be judged. Then came the establishment of the material and moral rights of the court personnel.

CONSCIENCE ISLAMIQUE: Your country has a number of cases of divorce and marriage is often burdensome. What steps then does your government plan to take to combat these scourges?

[Answer] We recognize the negative aspects of these practices on the socio-economic level.

Although they are no more widespread in Mauritania than in other countries, divorce and the onerous marriage allowed by Islam are sometimes subject to abuse in our country. However, efforts are being made to limit them within the norms set by the shari'a.

CONSCIENCE ISLAMIQUE: Can you tell us about your relations with other Islamic countries, above all on the cultural level?

[Answer] Our cultural relations with the modern Islamic world reflect the continuity of our historic past. In fact, only some people know that Mauritania, formerly Chinguitti, played an important role in the propagation of Islam and in the spread of its culture, both in black Africa and in North Africa. This occurred when the state of the Almoravides was established in Mauritania in the year 450 of the Hegira by Tarcina Legdali.

More recently still, the ulema "scholars" of Chinguitti carried out that mission in Europe, in Egypt, in Jordan and in Saudi Arabia. Also, our

country continues to maintain cultural relations with this complex of African and Asian countries.

But these Islamic cultural relations are sometimes subject to the effects of the current situation.

[16 Jan 83 p 2]

CONSCIENCE ISLAMIQUE: What are the results of the steps taken by the CMSN against the corruption, laxity, misappropriation and fraud which are hindering the proper political advance of your national recovery?

[Answer] These blemishes are characteristics of the Third World countries. As one of them, Mauritania is not by any means an exception, although its Islamic traditions and values reject these practices, which are basically a consequence of the policy of the old regime. But despite this, the situation in our country is not the worst of its kind.

However, following the political and legal steps taken by the CMSN to eliminate these evils, there have been fewer cases of corruption, fraud and misappropriation of public funds, which in our eyes represents a substantial improvement in this sector.

CONSCIENCE ISLAMIQUE: On 4 December 1981, the CMSN, by Decree No 616, created a commission with the duty of proposing methods of implementing the Islamic shari'a in all sectors and throughout the whole of Mauritanian territory. What is the status in terms of the methods of implementing the shari'a, a year after the specified period?

[Answer] The implementation of the shari'a, which is both a religious obligation and a popular demand, won the unconditional approval of the CMSN which determined its principle in October of 1979 and established a commission to study it in 1981.

That commission completed its work within the prescribed period, i.e., 4 months. But since this implementation is designed essentially for a return to normalcy with regard to Allah, and since it will allow the rehabilitation of the Mauritanian personality which is a basic factor in our sovereignty taken from us since the days of colonial occupation, we plan to give this both happy and important event all the dimensions it merits on the level of contemplation and perfection. We want it for ourselves, unconnected with any policy of domestic consumption or any propaganda campaign it may provoke.

Thus the work of the commission will be studied at the proper time by the pertinent authority, and the results of this study will be made known shortly, if Allah wills it.

CONSCIENCE ISLAMIQUE: Misappropriation, fraud and corruption: here are three factors hindering the normal development of your national recovery policy, are they not? Under what jurisdiction, then, do these three scourges come?

[Answer] The pertinent jurisdiction in this connection is the special justice court.

Moreover, I refer you back to the answer to the seventh question so that you can see that these evils you have mentioned are not inherent in our country, but are the result, as we said earlier, of the policy of the old regime.

CONSCIENCE ISLAMIQUE: It is known that Moslem law and modern law coexist in your country. How are you managing to reconcile the two?

[Answer] For us Moslems, the shari'a, as an emanation from the Creator, is more modern than the so-called modern law. Thus we reject any idea tending to limit it in time and in space. It is our choice to incline toward the wider spread of the application of the shari'a, which we regard as suited to the governing of a modern society.

CONSCIENCE ISLAMIQUE: Can you tell us what jurisdiction the special justice court and the criminal justice court have?

[Answer] The special criminal court tries crimes of voluntary manslaughter and theft, in accordance with the provisions of the shari'a, while the special justice court tries crimes committed against the domestic and foreign security of the state, felonies and misdemeanors committed by the military, misappropriations of public funds, fraud and corruption.

CONSCIENCE ISLAMIQUE: What is your most fervent desire for the future of Mauritania with respect to Islam?

[Answer] My desire is the same as that of all Mauritaniens. I have described a community path governed by the Creator's shari'a, a system which, because of its perfection, will I am sure lead my country toward progress and well-being.

CONSCIENCE ISLAMIQUE: Have you any message to communicate to the Islamic world, and if so, what?

[Answer] My message is none other than that of the teachers of Islam, which can be summarized in:

- effective support of the Islamic faith;
- active solidarity among Moslems to defend the principles of Islam and to promote fruitful cooperation among themselves; and
- orientation of this solidarity toward the development of the "Oumma El Islamia."

5157

CSO: 4519/131

'MAP' REPORTS BEGINNING OF POPULAR MOVEMENT PARTY CONGRESS

LD121320 Rabat MAP in English 1204 GMT 12 Feb 83

[Text] Marrakech, 12 Feb (MAP)--Under the theme "Moroccan Authenticity and Social Equality," the Seventh Congress of the Moroccan political party "popular movement" (conservative) opened here Friday in the presence of representatives of the party in different Moroccan provinces.

In his opening speech, the party's secretary general, Mr Mahjoubi Aherdan, who is also minister of state for cooperation, underlined his party's attachment to the "Alawite throne" and its loyalism to King Hassan II of Morocco, "the best guarantee of the national sovereignty and territorial integrity, of aspirations to liberty and democracy, and defender of spiritual values and national traditions."

He recalled that "at its origin, the movement was a reaction against the pressure exerted by certain groups to maintain and consolidate a single party with all that it could entail as arbitrary abuses and ill-fated dogmatism." He specified that the creation of the "popular movement" was the work of a group of nationalists who, smitten with freedom legality and democracy, raised themselves against the spoliation of acquisitions of the independence in order to back at opportunism.

The opening session of this congress that will last until Sunday was attended by Premier Maati Bouabid, members of the Diplomatic Corps accredited in Rabat, Mr Mohamed Aadira, member of the Tunisian "Socialist Destourian Party" and president of the Union of Tunisian farmers and others personalities.

The "mouvement populaire" which was created in November 1959 holds four portfolios in the government coalition in the areas of cooperation, posts and communication, public health and transports.

In the Moroccan House of Representatives (Parliament), the party holds 42 seats.

The last congress of the party was held in Rabat in 1978.

CSO: 4500/87

APPROPRIATIONS BILL FOR 1983 PUBLISHED

Casablanca MAROC SOIR in French 6 Jan 83 pp 1-2

[Article: "1983 Appropriations Bill: Distribution of Credits"]

[Text] The text of the 1983 appropriations bill was published in official bulletin No. 3661 b dated 31 December 1982.

Resources allocated to the general state budget amount to 37,828,554,284 dirhams; the ceiling for planned expenditures is 44,553,505,420, of which 20,139,608,797 is for operating expenditures, 18,713,896,623 is for investment and 5.7 billion dirhams is for expenses related to the amortizable debt and the floating debt.

Resources allocated to supplemental budgets amount to 2,079,969,060 dirhams, which equals the ceiling of expenditures for this category and which calls for the following uses:

Official printing: 6,064,532

Port of Casablanca: 111,180,000

Ports: 327,494,348

RTM [Moroccan Radio and Television]: 232,201,062

Ministry of Posts and Telecommunications: 1,280,126,118

Land conservation and surveying: 122,900,000

Planned investment for these supplemental budgets is, in order: 900,000; 67,600,000; 208,800,000; 120,620,000; 440,126,118; and 22,000,000.

Special accounts of the Treasury amount to 4,833,485,400 in resources, compared to 6,003,580,500 in expenditure limits, which gives a surplus of state expenditures over resources of 7,895,046,236.

The amount of credits available to the ministries for operating expenditures is set at 20,139,608,797. In anticipation of the credits that will be allocated in 1984, the Ministry of Public Health is authorized to tap the

sum of [illegible as published] million dirhams this year. As for investment credits, they are 72,916,196,089, of which 18,713,896,623 are in payment credits for 1983.

The operating costs of the supplemental budgets are set at 1,219,922,942 dirhams; program authorizations and pledged credits for these budgets amount to 4,165,458,000, of which 860,046,118 is in payment credits for 1983.

The Ministry of Posts and Telecommunications is authorized to tap the sum of 8 million dirhams in anticipation of its 1984 credits.

The distribution by ministry or service of the credits granted for operating expenses in the general state budget for 1983 follows:

Sovereign expenses: 146,000,000 dirhams

Services and institutions depending directly on His Majesty the King:  
418,183,574

House of Representatives: 67,599,677

Prime Ministry: 62,508,405

Ministry of State in Charge of Foreign Affairs: 279,518,231

Ministry of State in Charge of Cooperation: 20,436,700

Ministry of State in Charge of Planning, Cadre Training and Vocational Training: 45,368,200

Ministry of Interior: 2,351,606,379

Ministry of Information, Youth and Sports: 156,821,189

Ministry of Cultural Affairs: 37,669,909

Ministry of Justice: 331,693,730

Ministry of Equipment: 226,694,925

Ministry of Finance: 3,463,181,792

Ministry of Agriculture and Agrarian Reform: 788,757,063

Ministry of the Habous and Islamic Affairs: 17,368,200

Ministry of Employment and National Promotion: 41,868,000

Ministry of Relations with Parliament: 1,797,595

Ministry of National Education: 5,295,742,525

Ministry of Housing and Land Management: 59,064,750

Ministry of Traditional Industry and Social Affairs: 31,529,000

Ministry of Transportation: 109,661,330

Ministry of Commerce, Industry and Tourism: 85,849,550

Ministry of Ocean Fisheries and Merchant Marine: 23,543,140

Ministry of Health: 925,255,050

Ministry of Energy and Mines: 45,720,000

General Secretariat of the Government: 10,639,183

Department of National Defense: 4,244,396,500

High Commission for Former Insurgents and Former Members of the Army of Liberation: 11,134,200

Miscellaneous expenditures (unscheduled expenditures and temporary subsidies): 840,000,000

The distribution of investment credits established in the general state budget for 1983 follows (in dirhams):

Royal Court and related services: 117,700,000

Prime Minister: 220,790,421

Ministry of State in Charge of Planning, Cadre Training and Professional Training: 172,645,000

Secretariat of State for Administrative Affairs: 4,506,722

General Secretariat of the Government: 1,150,000

Ministry of Information, Youth and Sports: 366,126,000

Ministry of Justice: 70,750,000

Ministry of State in Charge of Foreign Affairs: 37,558,000

Ministry of State in Charge of Cooperation: 4,500,000

Ministry of Interior: 291,599,405

Ministry of Housing and Land Management: 664,532,000

Ministry of Finance: 3,094,620,740

Ministry of Commerce, Industry and Tourism: 150,452,000

Ministry of Ocean Fisheries and Merchant Marine: 42,210,000

Ministry of Energy and Mines: 998,686,000

Ministry of Agriculture and Agrarian Reform: 2,293,678,400

Ministry of Equipment: 4,039,422,586

Ministry of Transportation: 1,061,870,000

Ministry of Posts and Telecommunications: [no figure given]

Ministry of National Education: 1,754,390,000

Ministry of Employment and National Promotion: 240,720,000

Ministry of Traditional Industry and Social Affairs: 30,150,000

Ministry of Health: 260,904,547

Ministry of the Habous and Islamic Affairs: 5,000,000

Ministry of Cultural Affairs: 15,463,000

Department of National Defense: 2,768,591,802

High Commission for Former Insurgents and Former Members of the Army of Liberation: 5,880,000

House of Representatives: [no figure given]

Total investment expenditures of the general state budget: 18,713,896,623

The distribution of annual payment credits within the investment budget of 1982 and prior years follows:

Ministry of Information, Youth and Sports: 937,000.00

Ministry of Health: 27,713,547.97

Total: 28,650,547.97

The distribution of credits established under amortizable debt and floating debt expenses of the general state budget for 1983 follows:

Ministry of Finance, amortizable debt: 4,486,233,250

Ministry of Finance, floating debt: 1,213,766,750

Total expenses for the amortizable debt and floating debt of the general state budget: 5,700,000,000.

The appropriations bill stipulates that as of 1 January 1983 a special account called "National Fund for Cultural Action" will be created. This fund will cover the acquisition of works of art, costs of reproducing objects and works of art, costs of participating in cultural exhibits in Morocco and abroad which are not included in the budget, making or purchasing films of a cultural nature or which are "artistically experimental," and the remuneration of individuals occasionally participating in cultural activity.

Special loan accounts will also be created for the autonomous water and electricity distribution networks in Marrakech, Tetouan, Fes, Taza, Safi, Tangier, Tadla, Oujda, El Jadida and Meknes, as well as loan accounts for the national society to market harvests and the central purchasing and development authority of the Tafilalet and Figuig mining region. There will also be a special account to keep track of the bookkeeping for activities related to Morocco's interest in the Shelter Afrique company.

9720

CSO: 4519/123

## ENERGY, INDUSTRIAL, MINING PRODUCTION FOR 1982

Casablanca LA VIE ECONOMIQUE in French 31 Dec 82 p 4

[Text] The Statistics Bureau recently published the figures for the second quarter of 1982 and the forecasts for the third quarter for all industrial, energy and mining operations.

As for energy, the increase noted during the second quarter was about 3.5 percent compared to the corresponding period of 1981.

However, forecasts for the third quarter are lower than the preceding quarter. This is quite normal because of the reduced domestic (summer) and industrial (Ramadan, vacation) consumption.

The figures are given below:

	<u>1981</u>	<u>1982</u>
1st quarter	271	294
2nd quarter	284	294
3rd quarter	284	290 (forecast)
4th quarter	280	

The figures for energy production are given below:

## I. Refined Petroleum Produced

	<u>1981</u>	<u>1982</u>
1st quarter	981,000 t	1,129,000 t
2nd quarter	1,087,000	1,126,000 (forecast)
3rd quarter	1,085,000	1,085,000 (forecast)
4th quarter	993,000	

## II. Production of Electricity

	<u>1981</u>	<u>1982</u>
1st quarter	1,178.4 Mkw	1,218.5 Mkw
2nd quarter	1,174.6	1,236.4
3rd quarter	1,194	1,227.9 (forecast)
4th quarter	1,238.1	

### III. Coal Mined

	<u>1981</u>	<u>1982</u>
1st quarter	175,000 t	200,000 t
2nd quarter	192,000	187,500
3rd quarter	153,000	180,000 (forecast)
4th quarter	183,000	

### IV. Gasoline Consumption

	<u>1981</u>	<u>1982</u>
1st quarter	99,000 t	125,000 t
2nd quarter	128,000	133,000
3rd quarter	115,000	126,000 (forecast)
4th quarter	110,000	

### V. Diesel Consumption

	<u>1981</u>	<u>1982</u>
1st quarter	318,000 m <sup>3</sup>	384,000 m <sup>3</sup>
2nd quarter	361,000	371,000 (forecast)
3rd quarter	354,000	365,000 (forecast)
4th quarter	351,000	

### VI. Fuel Oil Consumption

	<u>1981</u>	<u>1982</u>
1st quarter	431,000 t	493,000 t
2nd quarter	468,000	477,000 (forecast)
3rd quarter	475,000	470,000 (forecast)
4th quarter	423,000	

The upward variations that occurred during the second quarter and those forecast for the third (except for fuel oil) should be noted:

	<u>2nd quarter</u>	<u>3rd quarter</u>
General index	+3.9%	+3.5%
Refined Petroleum	+3.6	-0-
Electricity	+5.3	+2.8
Coal	-2.3	+17.7
Gasoline Consumption	+3.9	+9.6
Diesel Consumption	+2.8	+3.1
Fuel Oil Consumption	+2.1	-1.1

## Industrial Activity

As for industrial activity, the Statistics Bureau gave estimates of the economic situation, since no precise figure could be obtained.

Here are the figures for 1981 and the forecasts for 1982:

	<u>1981</u>	<u>1982</u>
1st quarter	166	170
2nd quarter	196	200
3rd quarter	168	170
4th quarter	179	

The Statistics Bureau has given the following figures (index) by activity (estimates for 1982):

<u>Activity</u>	<u>81 Average</u>	<u>1st qtr 82</u>	<u>2nd qtr 82</u>	<u>3rd qtr 82</u>
Agribusiness	195	170	172	170
Other food products	189	169	168	168
Drinks and tobacco	237	242	245	243
Textiles	107	109	107	98
Leather, shoes	111	121	128	129
Cement, etc.	230	232	235	236
Metal goods	169	173	177	176
Electrical material	217	223	219	215
Transportation material	77	76	74	72
Chemistry, parachemistry	224	221	222	237
Rubber, plastic	93	117	120	99
Wood	138	156	150	120
Cardboard	158	164	180	168
Metallurgical industry	141	144	147	146

## Mines

As for mining activities, the figures are obviously dominated by the poor international economic situation and the drop in prices on the world market. The decline in phosphate exports was balanced by the rise in sales of phosphoric acid.

The figures are given below:

### I. General Index

	<u>1981</u>	<u>1982</u>
1st quarter	143	133
2nd quarter	155	139
3rd quarter	142	142 (forecast)
4th quarter	145	

## II. Value of Exports (in millions of dirhams)

	<u>1981</u>	<u>1982</u>
1st quarter	832	921
2nd quarter	1,185	898
3rd quarter	1,465	1,200 (forecast)
4th quarter	1,356	

## III. Production of Dry Phosphates (in thousands of tons)

	<u>1981</u>	<u>1982</u>
1st quarter	4,456.6	4,073.8
2nd quarter	5,028.4	4,160.7
3rd quarter	4,625.8	4,500
4th quarter	4,451.2	

## IV. Production of pyrrhotite

	<u>1981</u>	<u>1982</u>
1st quarter	31,000 t	-
2nd quarter	30,000	-
3rd quarter	14,300	-
4th quarter	8,300	-

## V. Production of iron ore

	<u>1981</u>	<u>1982</u>
1st quarter	7,800 t	39,000 t
2nd quarter	12,200	49,000
3rd quarter	21,100	40,000
4th quarter	13,200	

## VI. Other ores (index)

	<u>1981</u>	<u>1982</u>
1st quarter	130	133
2nd quarter	125	149
3rd quarter	114	130
4th quarter	128	

9720

CSO: 4519/123

## TEXTILE INDUSTRY DEVELOPMENT IN 1982 EXAMINED

Casablanca LA VIE ECONOMIQUE in French 7 Jan 83 pp 5-6

[Text] The Moroccan Textile Industries Association (AMIT) recently held its general stockholders meeting, in the course of which the overall activities in 1981 and the situation in the year just ended were examined.

We will concern ourselves solely with the assessment for 1982, in which connection Drissi Kaitouni, the president, sketched the following picture.

He stressed that the year in question was hardly any better than that which preceded it. In fact, it began in an atmosphere of uncertainty both in terms of the domestic and the foreign market, particularly the community market. The hoped-for recovery has not to date developed, and the activity of the majority of the branches is being maintained with difficulty at a level substantially the same as that as that in 1981.

In this difficult situation, the enterprises in our sector have had to cope with numerous problems which we have constantly made known to the departments concerned, with a view to drawing their attention to the results which might result therefrom in the short or medium time range.

The issues discussed include customs clearance at the premises for exports, and suspension of the decision made by the customs administration concerning the taxation of raw textile materials imported by industrialists.

#### The Investment Code

We participated in the drafting of the Five-Year Plan for 1981-1985, and we suggested to the government authorities the improvements which could be made in the industrial investment code, in view of the demands of economic and social development and the advantages provided to investors by other countries in the same geographic zone which have the same characteristics as ours.

The new industrial investment code incorporated the main aspects of our suggestions, if indeed it did ignore other recommendations, the desirability of which is nonetheless obvious, as is the case in particular with the practice of accelerated amortization.

Be that as it may, if indeed this new code provides a framework for incentive, other measures should be adopted, in particular with regard to revision of the export code, acceleration of the effective establishment of the 33 industrial zones repeatedly announced by the government, and the establishment of an infrastructure for welcoming investors capable of simplifying the procedure of setting up investment files and obtaining the authorization required for the execution of industrial projects.

The AMIT also participated in the revision of the PGI, making specific proposals for the amendment and reduction of the formalities and procedures.

#### Relations with the EEC

Where foreign relations are concerned, the negotiations with the European Economic Community have been one of our main concerns, in view of the uncertainties threatening our exports.

Following the difficulties encountered in the course of recent months, in particular with regard to the export of certain items, we addressed our sponsoring ministry, asking it to take action with the authorities in France and the EEC to ameliorate this situation.

Within the framework of the new agreement with the EEC, the present system of quota administration, which is to continue, is to be strengthened and better organized, which will require the collaboration of all the exporting industrialists to make the task easier, both for the customs administration departments and for the AMIT. To achieve this, certain steps will be taken shortly, and we are asking all industrialists to act in accordance with them in the interests, of course, of the sector as a whole.

Where the search for foreign markets is concerned, the AMIT, CMPE [Moroccan Center for Exports Promotion] and the ODI [Office for Industrial Development] have established permanent collaboration to encourage the activities designed to make industrialists more aware with a view to their effective participation in certain activities abroad. In this connection, the AMIT regularly participates in the meetings of the permanent committee in charge of supervising the organization of Moroccan participation in foreign fairs, exhibits and shows and has contributed to the participation of our sector in the trade exhibits and seminars included within the framework of the program drafted for 1982.

#### Textile and Leather Exhibition

Moreover, on the domestic level, the AMIT has made its contribution to the organization of the Textile and Leather Exhibition.

In this connection, comments have been made to us about the delays in the preparation of this show. For my part, I believe that if the results did not measure up to our hopes, this was also and above all due to the general situation which prevailed at the time, on both the domestic and foreign levels.

A new concept for the organization of this exhibition, to make it more effective, was recently proposed.

#### Arab Investments

In addition to the meetings and talks organized in Morocco, our sector was represented within the framework of the CGEM [Moroccan General Economic Federation] at the Congress of Arab Investors held in Taief from 30 March to 1 April 1982, in the course of which an evaluation was made of the investment possibilities in six Arab countries, whose investment codes were presented to an audience rather broadly representing the private sector in the Arab world.

Since the recommendation that the next congress be held in Morocco in November of 1983 was approved, the textile sector must contribute actively to the success of this event, not only by the presentation of carefully studied reports, but also within the framework of practical preparations, so that Morocco may be among those benefitting substantially from this new economic policy of the Arab countries.

#### Need for a Plan of Action

The results achieved by the textile industry sector in the course of the past 2 decades, its dynamism and its contribution to the export battle should not cause us to lose sight of the path which still lies ahead, at a time when the competing countries are putting forth a major effort to obtain a better position on the traditional markets which, for their part, are strengthening their protectionist systems and establishing recovery plans in order to get their own industries moving again.

If the state should take the necessary steps within the framework of the policy for industrialization and encouraging exports, and should create the environment required by the situation, so that this sector can continue along the path of expansion, the fact nonetheless remains that a certain number of tasks fall to the industrialists themselves, who must remain mobilized and vigilant and must gain a better awareness of the heavy responsibility they bear in view of the difficult situation our economy is experiencing. The AMIT believes that it is necessary for our assembly to conceive and approve a plan of action in order to deal more effectively with the present difficulties.

On the local level, first of all, the various branches of the textile industry must be made complementary in order to encourage optimal utilization of our production tools through:

- development of domestic subcontracting; and
- priority use of Moroccan production, so that finished products will embody the greatest possible added value, and can contribute effectively to equilibrium in the trade balance.

This obviously requires sectorial studies on the supply potential provided by the various branches of the sector, taking quality and price aspects into

account. This would lead us in the future to directing investments into the branches which are still insufficiently developed, both in qualitative and quantitative terms.

Within the framework of the revision of the PGI, the steps designed to "protect" domestic industry should be taken with the greatest possible caution where the textile sector is concerned, because of the extent of the equipment installed and the crisis situation this industry is experiencing throughout the world.

The campaign to eliminate smuggling should be constant and should be one of the leading concerns of the government authorities. This task should not, moreover, fall solely to the state. Within the framework of the battle against this scourge, I appeal to all heads of enterprises to pursue campaigns of consciousness-raising and propaganda, for their part, based on the "Moroccan consumer" theme.

#### Various Measures

Among the other steps to be recommended on the local level are the following:

- giving domestic enterprises priority where state purchases are concerned;
- reducing the delay in settling state debts; and
- pursuing any policy which will encourage employment and lead to wage distribution and an improvement in purchasing power.

Thanks to such actions, the textile industry could bring about the better use of the installed equipment and a certain increase in its exports.

#### Foreign Markets

Where the diversification of our markets is concerned, the activities to be pursued should take the geographic structure of our current exports into account.

The EEC alone purchases 80 percent of our textile sales. For lack of the ability to replace this market with others of equal size in the short run, our exporters should diversify the range of products exported and focus their efforts on items for which there is no quota.

The preferential agreements with certain friendly countries may benefit our exports through the establishment of suitable structures and means which will give our products the greatest likelihood of being competitive.

In order to promote the integration of domestic industry and to provide Moroccan export products with the maximal added value, the new export code should be extended to the enterprises up the line which contribute to the manufacture of finished products, as well as export trade companies, whatever the annual export turnover figure.

Parallel with the extension of the 1983 deadline ending the benefits from certain fiscal exemptions, there is room for the conception of a new series of incentives for winning new export markets.

There is perhaps a need to rethink certain aspects of our foreign trade policy in order to find the ways and means of obtaining new markets. I am personally thinking of the practice of compensation which could be envisaged, even for products which, within the current situation, do not seem indispensable to the domestic economy, and the import of which is currently limited. This possibility, I am persuaded, would give us access to a number of new markets.

#### Tax Problems

In the fiscal sector, our system of taxation should further strengthen our ability to compete on international markets, as well as encouraging reinvestment to improve the profitability of production tools.

The system of repayment of the TPS [tax on services] should be made more flexible and prompt. Similarly, the export tax should be eliminated.

Would it not be well to allow rebates on the costs of energy to export enterprises? Particularly since this production factor accounts for an important part of the cost prices of textile items.

The export system and means of financing should be improved to meet the real needs of exporters, particularly where prefinancing and the mobilization of the credit established are concerned.

Difficulties are still being encountered in the customs clearance for imported raw materials admitted on a temporary basis, and in the development of customs operations in carrying out exports.

We cannot stress too strongly the need to implement the measures announced or under study, with a view to improving the current promotional structure.

There are steps to be taken on the level of our association. I am thinking in particular of the establishment of a subcontractors' grant, the main goal of which would be to assess the unutilized production potential and make it known to those receiving major orders, which they might possibly distribute directly or through the AMIT. This grant would be entrusted to a committee representing the branches of our sector.

There is also need for the drafting of a program for the vocational training of middle and higher-level technicians, above all since the embryonic needlework industries center which the vocational training office has established in Casablanca is serving neither the needs nor the goals established for this industry.

## Conclusion

The situation in the sector is such that no high marks can be awarded. But should we therefore relax our efforts?

Remember that the textile sector was the first to commit itself to the development of a national industrial network at a time when we needed to free ourselves from dependence on foreign sources in the realm of manufactured consumer products.

Thus the textile sector has been and still remains the spearhead in our exports of manufactured products.

Today, our sector is faced with the difficulties with which you are familiar. It is then our duty to pursue them to the end and to measure up to the role which falls to us as private economic operators.

On the domestic level our sponsoring ministry has already given this sector the necessary attention. It remains to make the other ministerial departments aware of the need, and this is likely to come about soon within the framework of the dialogue which has now been established between the government authorities and the private sector.

I believe that it is on the foreign aspect that we should focus our efforts.

It is true that the EEC is increasingly approaching saturation and is becoming out-and-out protectionist. In this connection, while the government tries for its part to ensure respect for our interests within the framework of the agreements reached with the community, it remains for us to retain our traditional clients by offering them products which are competitive both in terms of quality and price.

But the EEC is not the only market in the world. Others are possible. It remains for us to find a market for our products, because the development of our sector, and therefore the level of employment, depend upon it.

Let us make our production systems rational. Let us master our cost prices. Let us be imaginative and creative on the level of developing and diversifying our production range. In short, let us arm ourselves with all of the trump cards likely to contribute to our effort to find and win new markets.

In other words, we must be worthy of what we are called--heads of enterprises, or entrepreneurs. And let us continue, at all costs if need be, to produce and to sell, in short to create jobs in this liberal society which is ours and which our sovereign, His Majesty King Hassan II, has termed "just and prosperous."

# JOSEPH LAGU DISCUSSES INTEGRATION PROCESS

Cairo AL-WADI in Arabic No 46, Feb 83 pp 10-11

[Interview with Vice President Joseph Lagu by 'Uthman Mirghani: "Vice President Joseph Lagu Speaks Very Candidly, 'Integration Is a Long, Drawn-Out Process';" in Egypt, date not given]

[Text] Maj Gen Joseph Lagu, who is now vice president of Sudan, has been well-known among the people of Sudan in the north and in the south as well ever since he led the separatist Anya-Nya Organization during the Civil War. For several years he had moved between Kenya, Ethiopia and Uganda until President Numayri was able to put an end to the Civil war by signing a peace treaty in Addis Ababa. This treaty gave the south a regional autonomous government.

Maj Gen Lagu has moved from one military and political position in the Socialist Union to another ever since the agreement until he attracted popular and official attention when he called for dividing the south into three provinces under a decentralized government. Some people in the south viewed this idea as one that will endanger all articles of the Addis Ababa Agreement.

Official public opinion was divided on this matter: some people supported the idea and others opposed it. Joseph Lagu, however, won the bet after his ideas gained wide acceptance among the people in the north and in the south. President Numayri also took his side. Although decentralization has not been officially declared in the south, the latest regional government headed by Mr Joseph Tombura actually began taking measures that would lead to that.

This is Joseph Lagu, who has become the third man in Sudan.

Of course this is not the only reason why an interview with this man is attractive. Another reason--the immediate reason--for this interview is that Joseph Lagu was recently visiting Egypt.

[Question] Joseph Lagu rose suddenly to the top and became vice president. What persuaded the president to make that decision?

Answer, I am not a stranger to President Numayri. He has known me well ever since we worked together as army officers in Juba in 1960. Then after the Addis Ababa Agreement was signed, he knew me as an officer in the armed forces in Khartoum. In Juba he knew me as commander of the first division. Therefore, it is

self-evident that the president would have his own evaluation of me on that basis.

Question: But I am referring to your appointment [vice president] at this time in particular. Doesn't this have to do with your ideas, which have created considerable controversy, about the decentralization of government?

Answer: I cannot talk about this matter from this perspective. Only other people are entitled to judge the propriety and acceptability of my ideas. I do not speak about myself. The ideas I proposed about the decentralization of government belong to everyone now. I believe that the majority of the people believe that the objectives of these ideas are valid.

#### Differences in Political Regimes

Question: The system here in Egypt is based on multiple parties, but in Sudan there is one party. Don't you think that this discrepancy in the two countries' government systems presents an obstacle to their integration?

Answer: At the present time this does not constitute an obstacle to integration because the steps for integration are not hurried. They are long and drawn-out steps that are not affected by the particulars of government systems.

Question: Joseph Lagu, the former leader of Anya-Nya is now the vice president and one of the major factors in the league with the north. What do you think about that?

Answer: I said a great deal when I was leading the Liberation Movement. We were not asking for separation from the north; we were merely asking that we be allowed to manage our own affairs in the south. If successive governments in Sudan had listened to us, a Civil War would not have taken place in Sudan. The problem of the north is that people there believed that calling for a decentralized government meant calling for separation. Experience has shown in Nubayri's administration after the Addis Ababa Peace Treaty that regional government does not bring about separation; it rather benefited all of Sudan. I understood this when I was leading the Liberation Movement from the jungle. We only want to preserve the culture of the south and its distinguished position within the large framework of Sudan. As long as all of Sudan is supporting this trend now, then Sudan is supporting this league between the north and the south, and we support it [too].

#### The Muslim Brotherhood's Welcome

Question: One small observation. The Muslim Brotherhood in Sudan, who are part of the government, welcomed your appointment vice president. What does that mean?

Answer: I am convinced that [everyone in] the south and the north welcomed my appointment as vice president because everyone believes that I do in fact deserve this honor. Not only do I deserve this honor now, but I have also been worthy of it for a long time. Therefore, I cannot talk about the position of the Muslim Brotherhood separately because everyone has assumed the same position, and that has made me very happy.

Question] In the past students from the south in the province of Khartoum were allied with the Muslim Brotherhood. We recently heard that the Muslim Brotherhood won in the elections of the Students' Association at the University of Juba.

Answer] Students from the south know themselves better than I do, and they can determine better than I can what they want and who their allies will be. This is because it is their local conditions that determine for them the best method they are to follow. Regarding the results of the elections at the University of Juba, I am just now hearing about them from you.

Question] What is the situation in the south now?

Answer] The south is now governed by the southerners themselves. No one in the north is inclined to establish his authority over the south. In my last visit to the Upper Nile I told the masses, "Whom do you want to expel now? You are now responsible for managing all your affairs." Everyone has turned [his attention] to his place of work. We in Equatoria have no ambitions in the Upper Nile, not to mention the north. The days of imposing and mandating authority are gone. Furthermore, the north and the south are now equal in their political awareness.

Question] After the uproar created by your ideas on decentralized government subsided, were any of your ideas implemented?

Answer] The government of Joseph Tombura has now begun implementing projects that would form a decentralized government. I believe that we will gradually have a regional, decentralized system in the south itself and not just in one region. I had suggested three regions. Decentralization is an experiment and a cultural practice that exists even in the United States. It makes people more competitive and self-reliant, and it casts away a spirit of indifference and hegemony. The competition and challenge that exist with decentralization do not allow for indolence.

Question] What is President Numayri's personal attitude toward this?

Answer] You should ask him that question. I do not speak for him, but I know that everyone, all levels of the Sudanese people, supports my suggestion. President Numayri is trying to support the people's wishes, and he is attending to the task of realizing those wishes.

11-10-1972

Question] The proposed oil refinery in the city of Kusti has created anxiety and an uproar in the south. Recently, the whole idea has been dropped.

Answer] If you had examined my recent statements and my addresses to the masses, you would have realized the true situation. We do not want to appear to the world to be insatiable and greedy for money, disagreeing over oil that is still in the ground. Furthermore, it would be dishonorable to renounce one's brother simply because one expects to become wealthier than he is. This matter must be left completely to the technical specialists, and politicians must stay out of it.

If our interests require the establishment of an oil refinery in Kusti, so be it.

it. What "the technical people" think should be done to achieve easy distribution and easy export and trade has to be accepted. Believe me if these differences had not been settled rationally, the oil would have stayed under the ground, undisturbed.

Question. One last question about the economic crisis: how do you see our future through this crisis?

Answer. We must be patient. The only thing we can do now is be patient. I expect a better future. Our fortune, which lies under the surface of the earth, will appear. He who sows shall reap.

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## BRIEFS

RURAL LABOR STUDY--Khartoum, Jan. 22, (SUNA)--The study, by the Ministry of Finance and Economic Planning, on the rural labour in the Sudan is due to be completed by mid February. Copies of the study will be sent to the United Nations and other international organizations to be utilized in Sudanese Labour forces development programmes. The study, which is financed by the United Nations Development Programme (UNDP) and the World Bank, aims at giving a scientific picture about the rural labour forces in the Sudan in agriculture and other activities, internal and external immigration of labour forces, and a future perception to the supply and demand of rural labour forces. Data collection for the study had started in April 1981, and ended in July 1982. [Text] [Khartoum SUNA in English No 4378, 22 Jan 83 p 1]

SUDANESE-TURKISH COOPERATION--Khartoum, Jan. 23, (SUNA)--The Sudanese-Turkish Joint Economic Committee will begin session here tomorrow (Monday), SUNA learned. The Sudanese side is headed by Cooperation, Commerce and Supply State Minister Ahmet Seelim Ahmet. The Turkish side is headed by the Industry and External Trade Minister who is due here this evening. The committee will discuss the renewal of the Trade Protocol concluded between the two countries in July 1980. According to the agreement signed under the said Protocol, the Sudan exports to Turkey cotton, gum arabic, edible oils, hides and iron scrap. Turkey, in turn, exports to the Sudan wheat, tea, pharmaceutical products, sanitary equipment, building materials and railway carriages. Meanwhile, the Turkish Minister will participate in the opening of the 6th session of the International Fair of Khartoum, SUNA learned. [Text] [Khartoum SUNA in English No 4379, 23 Jan 83 p 1]

STATISTICAL STUDIES--Khartoum, Jan. 24, (SUNA)--The General Planning Administration of the Ministry of Finance and Economic Planning has prepared statistical studies on all joint ventures in Sudan. The studies include a list of these investments, explain their role in the national economy and specify their sectoral and geographical locations. The statistical studies are meant to help future investment planning. The studies, which would be released shortly, cover all joint ventures in the spheres of agriculture, industry, economy and finance which Sudanese bodies have undertaken in collaboration with foreign institutions. [Text] [Khartoum SUNA in English No 4380, 24 Jan 83 p 1]

COUNCIL OF MINISTERS MEETS--Khartoum, Jan. 24, (SUNA)--The Council of Ministers yesterday held its ordinary meeting under the chairmanship of First Vice-President Major General 'Umar Muhammad al-Tayyib, SUNA learned. At the outset

of the meeting the Council heard a comprehensive report by President of the Southern Region's High Executive Council James Tombura on programmes, policies and performance of his government. Tombura mentioned that the experiences of Regional Government during the past 12 years and decentralization were successful and referred to the completion of the Region's area councils buildings. The Regional government's development strategy for 1982/83 comprises expansion of basic structures especially in the fields of communications and energy and completion of the development projects in addition to raising agricultural production, Tombura said. He added that his government had exerted efforts to improve roads and bridges and river transportation between Kusti and Sawba, and to rationalize government expenses besides support of small farmers and activities in industry and minerals prospection which he described as promising. [Text] [Khartoum SUNA in English No 4380, 24 Jan 83 p 5]

CSO: 4500/85

## PRICE 'CHAOS', INFLATION DISCUSSED

Tunis AL-MUSTAQBAL in Arabic No 104, 9-15 Dec 82 pp 7-8

[Article: "The Pricing System Has Produced Price Chaos"]

[Text] Prices have risen more this year than ever before. The government authorities and economic agencies have never before gone to such lengths in pursuing a policy of inflation which destroys the purchasing power of the masses of the people. It is no exaggeration to say that the brutal capitalist policy which characterized the 1970's can be considered trivial in comparison with the present situation. We have rarely seen a wider gap between words and reality: the grandiloquent statements about improving the people's standard of living and combatting the monopolists and those whom the prime minister has called the "fat cats" on the one hand, and the exorbitantly high prices and the collapse of purchasing power we have seen over the last year on the other hand. Thus, within a few months' time the fiery speeches aimed at the "fat cats" have changed into appeals to the people for belt tightening and acceptance of a policy of austerity, a policy that only serves the interests of none other than the monopolists and "fat cats."

The official price index was 13.3 percent up to the end of September. It has reached the point that it is certainly going to exceed 14 percent. In the course of the social negotiations the government announced that it expects a 13.7 percent increase for the entire year, while the labor union anticipates 16 percent. This rate certainly remains purely theoretical if we consider hardships being suffered by blue-collar and white-collar workers and housewives when they go to the drugstore, the butcher and the greengrocer, when they have to pay the water and electric bills, when it comes time to pay the rent and with the advent of the school year. It is a continual daily hardship. Each day, or almost every day, there are new increases, instituted or approved by the authorities, as well as increases imposed without the approval of the authorities. Purchasing power shrinks each day. The citizens are confused and want to know when it will all end.

The Economic Balance Is Subject To the Chaos Of the Market

The skyrocketing prices are simply the result of a policy which is called the "true pricing policy" which is bad to mention.

In its editorial for the November issue the magazine CONJUNCTURE said, "We speak about the 'true' price of a specific item to the extent that the price results from the free interplay between supply and demand so that the 'true' prices reflect, on an equal footing with the economy as a whole, the relative scarcity of resources and services without any intervention by the state in its capacity as a central authority to regulate and adjust." The editorial continues, "There is nothing to ensure that a perpetual harmony between supply and demand or balance between them in the event of continued instability which requires the producers to have an extraordinary ability to harmonize." The editorial explains the expected international economic catastrophe by the inability to accomplish what this harmony demands.

What arrangements have the authorities made to achieve "true prices?" These arrangements essentially boil down to expanding the sphere of application of self-certification and continually raising the prices of goods subject to pricing regulation which benefit from intervention by the compensation fund.

But let us pause for a moment and consider the theoretical hypothesis of the economic decision-makers in this country before we return to the aforementioned arrangements.

What the magazine CONJUNCTURE reported means that the authorities wanted to leave the task of achieving economic balance to the law of the market place, or, to be more precise, to the chaos of the market. In other words, the economy was left to develop out of the "law of value." What is the significance of this law?

When supply outstrips demand for a specific product or products the market prices fall below production costs. The opposite happens when demand outstrips supply. When market prices fall profits fall as a result, and capital is directed to those sectors which produce higher rates of profit. Those sectors in which there are no profits to be made are deserted. As a result of this process the profitable sectors see intensified investment in them which leads to lower prices and profits while a scarcity develops in the sectors from which investments have been withdrawn. This leads to a rise in prices and profits in those sectors.

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Let us note, first of all, that this method of achieving balance is unstable. It does not apply to the Tunisian economic situation for two reasons. First, it presupposes conditions favorable to competition, while in actuality several important branches of industrial production are in a monopolistic situation in which organizations are thereby able to impose monopolistic prices. Second, the inability to accumulate capital under circumstances of economic dependency isolates weak industry and backward agriculture which are unable to meet the needs and demands of the working classes.

lowest level, for argument's sake we will suppose that the law of supply and demand is perfectly applicable to us. What would that produce?

The desired but unstable balance can only be achieved, even if only relatively, through economic crises and catastrophes because competition and price fluctuations are the sole way by which the capitalists attempt to harmonize with the needs of a society whose production is marked by chaos. This is what is happening in the industrial countries which are threatened by catastrophe. So imagine what it would be like with us, when there is no basis for comparison between the capacity of our production apparatus and the capacity of the production apparatuses of those countries.

Let us return to the editorial.

#### A Devastating Failure For the Self-Certification System

The title of the editorial alone is enough to indicate the failure of the measures symbolized by the expanded application of the self-certification system.

"Self-Certification Under Observation"--six months after it was first implemented. This is a frank and unavoidable admission that self-certification did not accomplish its intended goal, namely regulation of the market, but rather it resulted in huge price rises. The reason cited by the authorities for making their decision was to concentrate the resources of the concerned agencies on supervision from a distance in order to avoid the bureaucratic formalities and enormous financial expenses that accompany administrative certification. Consequently, organizations were left to set their prices themselves on the basis of their true costs and applying rates of profit authorized by the order issued in January 1952.

Through these measures the authorities have been seeking to introduce a larger number of products into the game of competition to arrive at true prices. But the prices were way ahead of what the authorities wanted.

There is nothing strange about that. Many industrialists are eager to inflate costs, and they introduce imaginary wages which they, and sometimes members of their families, receive. They also receive payments for electricity and water for their homes, a depreciation allowance for their private cars, and vacation trips at cost. They add random increases on top of all this and increase the burden on the consumer.

Moreover, the industrialists often engage in price fixing among themselves to impose a single price, or prices that are nearly the same, at the expense of the consumer. In the economic legislation there is not a single article that invalidates their price fixing and their sabotaging the law of supply and demand. We have an example of this in yogurt.

The self-certification system can preserve stability or even moderate price increases only when certain conditions are present. The first is a fundamental condition: an environment marked by completely free competition which would put downward pressure on prices. This condition

is not, and is not expected to be, present in Tunisia because the resulting accumulation [of capital] would prevent the development of industry. The second condition is the availability of sufficient skilled cadres and the institution of intensive permanent regulatory operations. This condition, too, is not present.

For these reasons, broadening the application of self-certification has led to disaster. The companies increase their expenses by every possible method in order to obtain higher prices and the economic regulatory agencies are unable to control the situation. It would be preferable if the former situation could have been preserved as it had been, along with supporting and training the cadres.

#### Pricing Policy: Implementing the Recommendations of the World Bank

If we look at the price increases that have occurred over the last year we will find in addition to those that are subject to self-certification a list of the most important basic items. These are the items that are subject to the pricing system.

If the pricing system had been able to maintain the cost of these items to the consumer at a reasonable level over the last few years the miracle would have ended by now and pricing would have begun to shoot sky-high. In expectation of surprises by the government grain products are the only items whose price has not changed in several years.

If the prices of certain kinds of canned tomatoes, for example, which are subject to self-certification, have risen between 20 and 47 percent, items subject to the pricing system have risen by higher rates. Among these items are water, electricity, meat, petroleum products and butter, which increased 100 percent within one year.

Most of these increases basically result from the implementation of directives which the world bank demanded be followed in its special reports on Tunisia, particularly the report issued on 21 April 1981 which called on the government to make an effort to halt investments in social projects and to keep labor costs within limits to allow competition. This meant pressure on wages, decreasing imports and curbing household consumption by modifying domestic prices and returning to the compensation system, also for the purpose of encouraging savings and, as a result, private investment. The necessity for reviewing the prices of energy, food, transportation and fodder was particularly noted. This is what the authorities have zealously attempted to implement.

Thus, the prices of barley, fodder and beef rose over the past year. But the matter did not stop there. Between November 1981 and November 1982 the price of a kilogram of bran rose from 20 to 65 millimes, and the price of barley and corn also rose. This was followed by a more than 50 percent rise in fodder prices.

On top of that the prices of several other items also rose or are expected to rise from one day to the next.

What was left of the price system? The complete freedom at the production end in turn led to methods of speculation and monopolization being exploited in order to raise the cost of other essential products. We will only mention eggs as an example: the price of an egg rose over the period of a year from 28-35 millimes to 52-60 millimes. This constitutes another examples of the prevailing chaos.

That is not all. Drug prices are rising continuously. Costs of building materials and rents have gone sky-high in connection with the worsening housing shortage, particularly in the capital. We are investigating the effects of this on the official price index. There are also deceptive methods used by merchants which cause greater suffering among working-class consumers.

Blue-collar workers, white-collar workers and farmers feel like they are in a whirlpool. They see the whirlpool of prices and inflation eating up their modest income, and they see it going into the pocketbooks of the financiers, businessmen, professional brokers and speculators where it is amassed into vast wealth at an amazing speed. They hear the authorities asking them to tighten their belts, and they see the public policy exposed on the test of reality. It is exposed as a policy of procrastination, exploitation and impoverishment.

It was not long before the price system, which was created to preserve its development in a moderate manner, turned into a price chaos. Beginning next year this price chaos will leave us an inflation rate of not less than 6.5 percent, as mentioned by CONJUNCTURE in its editorial cited above. This is in addition to this year's inflation rate of approximately 14 percent. This price chaos can bring nothing but more burdensome losses to the workers' standard of living. This will herald the mounting anger of social controversies.

#### From 1981 to 1982: Prices at the Drugstore

The following table contains the most important food and cleaning products found at the ordinary grocer's shop. It shows last year's and current prices, and the percent of increase. In most cases the percent of increase was at least 20 percent for most items. It will be seen that the list does not include the basic products subject to the pricing system which fit from the compensation fund, such as grain products, sugar and those items whose prices have not changed during the last two year.

The table also does not include medical products, clothing, construction materials or fresh fruit and vegetables.

Product	Quantity	Retail Price		Increase (Percent)
		1981	1982	
Canned tomatoes	1 kg	575	745	29.5
			690*	20
Canned tomatoes	1 rotl	320	385	20.3
			380*	18.7
Canned harisa	1 kg	790	790	-
Canned baby peas	1 kg	480	555	25.6
Sardines in oil	k can	190	230	21
Sardines in tomato sauce	1 can	185	185	-
Canned tuna	250 grams	850	950	11.7
Canned tuna	100 grams	250	410	64
Jam	1 can	325	385*	18.4
			362	11.3
Nestle milk	1 can	295	395	33.9
Gloria milk	1 can	295	430	45.7
Red cheese	1 kg	1,970	2,225	12.9
Pot cheese	1 can	265	345	30.1
Butter	1 kg	1,000	2,000	100
Black tea	1 kg	2,600	3,000	15.3
Green tea	1 kg	2,000	2,000	-
Chicory	1 can	285	385	35
Sayyidah biscuits	250 grams	145	174	20
Babies' Sirilac	1 can	535	615	15
Eggs	1 egg	28	60	114.3
Coca Cola	1 large bottle	125	150	20
Fanta	1 large bottle	133	160	20.3
Pure mineral water	1 large bottle	85	100	17.6

[unknown word]  
and others

Ordinary Nazif soap	1 can	271	300	10.7
Ordinary Bofex soap	1 can	271	311	14.7
Palmolive perfumed soap	1 bar	118	154	30.5
Lux perfumed soap	1 bar	152	192	26.3
(Flytwx) pesticide	1.liter	680	790	16.2
(Shaltwx) pesticide	1 liter	675	795	17.8
Ajax	1 can	395	395	-
High quality floorcloth	1	485	600	23.7
Nylon broom without a handle	1	760	840	10.5
Sanisilk shampoo with egg	half liter	645	797	23.5
Signal toothpaste large	1 tube	350	420	20
Colgate toothpaste small	1 tube	220	265	20.4
Square electric batteries	1	275	345	25.4
Round electric batteries	1	215	265	23.2
Apex electric batteries	1	160	194	21.2
Finger-size electric batteries	1	90	120	33.3

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Total		21,172	25.424	20.08
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\*These figures were not taken into account in computing the totals.

9123

CSO: 4504/125

HIGH COST OF LIVING DISCUSSED

Tunis AL-MUSTAQBAL in Arabic No 104, 9-15 Dec 82 p 11

[Article: "What Some Consumers Are Saying About Prices: 'We Are No Longer Sure That We Can Provide a Morsel of Bread'"]

[Text] Every day we discover that prices have changed. We are accepting poor quality in order to reduce costs somewhat.

In Tunisia today it is no longer easy to find out about the true prices in effect at any particular time; they rise practically daily. It has reached the point that the prices of numerous items are becoming "veiled," and they cannot be discovered unless you go to buy some.

But what there is no doubt about is that the instability of prices has a single direction--upward--and that this upward trend has included all goods and services without exception up to now except dough and its derivatives.

The upward trend is not confined to food items, but includes services and other essential products such as fuel, lighting, health, transportation, clothing, housing and even ordinary recreation, such as movies, for example. And last but not least, we have learned that even burial costs will rise.

The official findings on prices during the first half of this year have revealed that the highest rates of inflation have occurred in the health, housing, leisure and education sectors, which are considered part of ordinary daily consumption, not luxuries, and are no less important a part of the citizens' "shopping basket" than food items.

The phenomenon of price instability and the not-so-cheerful surprise increases that have been revealed assume another dimension in the products subject to the free pricing system. And what a system it is! Each day it results in...

How are people living under these conditions, and what are their impressions?

Leaving behind the general impression on the mood, and the complaints about the high cost of living, we stopped and talked with several citizens whom we chose at random in the markets of the capital. It was our intention to select them from various social circles on the basis of their appearance.

#### A Tour Of the Markets

Our fact-finding tour was in two markets: Sidi al-Bahri and the Central Market. The first conclusion was the slight but perceptible difference between the prices of the fruit and vegetables in these two markets. The lower prices were seen in the Sidi al-Bahri market, but at the expense of quality. Some of the fruit and vegetables on display were nearly rotten. But in spite of that there was strong demand for them because they were relatively inexpensive. Only a very few varieties of fish were on sale at the Sidi al-Bahri and were just about limited to al-ghazzal, al-tariliyah and al-sawbiyah, at an average price of between 500 and 1,000 millimes. Also missing from this market were certain varieties of expensive fruit such as apples which cost 1,200 millimes.

The Central Market was less crowded, and the prices were higher. Baby peas were 840 millimes, tomatoes were 600 millimes, potatoes were 250 millimes, pepper was 600 millimes. The price of fish ranged from 4,800 millimes for al-karufat to 1,300 millimes for al-ghazzal and between 1,800 and 3,200 for al-tariliyah according to size and quality. Oranges were the predominant fruit. This is the season for them. Certain kinds of tangerines were prices in excess of 600 millimes a kilo, as were apples, which were selling at between 800 and 1,200 millimes according to quality.

Eggs are stable at their new standard price of 59 millimes per egg, or 236 per box of 4.

The price of onions and (safnariyah) is between 125 and 150 millimes.

The citizen with whom we talked emphasized that the price of fruit and vegetables goes up every day, and that they were relatively moderate that day in comparison with previous days. They observed, however, that the prices might skyrocket tomorrow, and this is what they have become used to. They added that potatoes are available these days after their well-known shortage. The prices exploited the shortage, and stabilized after they became available again at a higher price than they were prior to the shortage, that is, between 200 and 250 millimes. Oranges are selling at 600 millimes.

#### At the Height of the Season

We questioned a retired man who was taking his customary tour to check out prices, and he answered, "Prices have really taken off. Didn't you see the oranges at the height of their season at 600 millimes. Vegetable prices are unstable and generally high. The unfortunate thing is that the farmer does not benefit from this and everything is falling apart.

Listen, it has become difficult to make ends meet." A curious bystander approached us and my speaker suddenly changed his tone: "Things are reasonable and the state is doing all it can. It is building schools and hospitals and is looking after the interests of the citizens." He left me, winking in reference to the bystander who was listening to us and who was only an ordinary citizen. I asked him next about the state of prices and he answered, "I am a low-level white-collar worker with a family. Things have become difficult for me. Imagine a kilo of oranges for 600 millimes! We discover a new increase each day. Milk and bones, and we hear transportation will be next. There are many necessities and the rent amounts to half a month's salary. People want certain things but cannot obtain them. Whatever increase we get in our monthly wages people still cannot obtain what they need." An engineer said, "I live with restraint."

I approached a good-looking, elegant man who seemed to be an engineer, and he answered as follows: "I would be lying if I said that I live in poverty. My income is respectable, thank God, but I can only live, no more than that. As you can see, fruit and vegetable prices are not standardized. The good qualities are expensive and I am compelled to buy them because the other varieties are of inferior quality. We have grown accustomed to high prices, and 1,200 millimes a kilo for apples has become the norm.

"I am not looking for luxuries, but with the rent and the payment for the car loan my entire income is spent. If prices continue to rise like this my budget will become unbalanced."

#### I No Longer Verify My Change

A worker in the National Transport Company answered us, "Each day there is a new increase in basic and luxury commodities. Several days ago I went to buy a can of sardines and stood waiting for my change, but there was the clerk asking me for more money! I no longer verify my change because I no longer know the prices. Haven't you noticed that tangerines are 600 millimes?"

I asked him, "Does that mean that vegetables are not expensive?" He answered angrily, "No sir. How can you come to that judgment? Everything is expensive. I am saying this on the basis of my income which is no longer enough for me. If they want to raise prices let them raise wages as well, and let them ensure that we are able to purchase necessities. As far as luxuries are concerned, we don't even dream about them any more." Then I approached a middle aged man who appeared to be relatively well off. My perception was correct. He informed me that he was a merchant.

"I'm not saying that prices are low, but they are reasonable. They are in keeping with developments. Everything develops, including prices. This is natural."

I said to him, "But those who are not so well off are saying the opposite." He answered, "I didn't say that everyone is in a state of prosperity. But those with average incomes are enjoying their customary standard of living. The proof of that is the customers that you see. If they did not have the resources they would not be buying."

#### A Full Mouth, But a Dry Throat

I began talking to a greengrocer about the unstable and high prices, and about their responsibility for that. He answered, "The greengrocer has a full mouth but a dry throat. We have no role in raising prices and we do not determine anything. In fact, the opposite is true. As prices go up so do our expenses.

"Our official rate of profit is 20 percent, from which we pay a percentage for the harvesting, in addition to transport costs. The rate of profit has not changed since 1959 while costs have risen. Light transport used to cost 1 franc per kilo. Now it is 5 millimes even for the weight of potsherds. We are losing money. I will weigh this box in front of you and you will see that it weighs 7.5 kg. Look at the invoice computed at only 6 kg. Our circumstances are causing us to cry out in complaint to my Lord while the people think that we are growing fat and are responsible for the high prices. That is a mistake."

These have been samples of public opinions about prices which we collected at the end of last week. The consumers complain about the sizzling prices and emphatically state that they can no longer take the heat. The merchant (who is the link between the consumer and the middle man, not between the consumer and the producer) calls for help. He is also suffering from the heat. Who, I wonder, is responsible for the price increases?

9123

CSO: 4504/125

NATIONAL ASSEMBLY SPEAKER'S APU SPEECH

JN101014 Baghdad Domestic Service in Arabic 2100 GMT 9 Feb 83

[Text] Iraqi National Assembly Speaker Na'im Haddad said that those who have become immersed in the Palestinian and Lebanese blood are the same ones who are today publicly siding with Khomeyni's regime in a new disgraceful alliance whose official emergence violates Arab values and ethics, the collective Arab defense pact and the Arab League Charter.

In a speech at the second session of the Arab Parliamentary Union [APU] in Rabat today, Haddad called on the Arab parliamentarians to assume their historic responsibilities in condemning this evil alliance, isolating the signatories of the document of Pan-Arab disgrace and treason and bravely standing by the side of Iraq in confronting the expansionist Iranian aggression.

He said that the latest tragedy was that suspect and treasonous meeting in Damascus between the Iranian, Syrian and Libyan regimes' representatives to concoct further plots and intrigues against the Iraqi people and their army which moved to protect the Syrian capital from occupation and to stop the Zionists' advance in 1973. Haddad asked: Does this conspiratorial alliance serve Arab solidarity and mobilize efforts to confront the U.S.-backed Zionist arrogance? Is this alliance an expression of gratitude for Iraq's Pan-Arab stands in Palestine, the Golan and Sinai?

Haddad added: We are meeting in Rabat at a time when a grinding war has been going on the eastern flank of our large Arab homeland for over 2 years. It is a war the Iranian regime unleashed against revolutionary, Arab and socialist Iraq--Iraq of struggler leader Saddam Husayn.

He said that despite the Iraq leadership's peaceful initiatives, headed by the declaration of a cease-fire and voluntary withdrawal of all the Iraqi forces from the Iranian territory and cities last June as a gesture of goodwill and a contribution to providing a chance for a serious participation in repulsing the Zionist aggression against Lebanon and the valiant Palestinian revolution, and despite UN Security Council resolution 522 of 12 July 1982, the Iranian regime launched a series of abortive attacks east of Basra in southern Iraq less than 24 hours before the issuance of his resolution which called for an immediate cease-fire in a desperate attempt to penetrate Iraq's borders and control the strategic cities and areas.

Haddad added: It has been confirmed to all, including those who tried to deny the expansionist ambitions of the shah's heirs, that the Tehran rulers want to occupy Iraq, link it with the new Persian empire and impose a government similar to that oppressive and bloody one in Iran. They want to establish an agent government against the will of the Iraqis who have freely chosen their way, carried the immortal Arab mission and endured massive sacrifices in repulsing this wave of grudge harbored against them by the Qom and Tehran rulers and in protecting the Arab land from the humiliation and desecration of the ancestors of Khosrau and Rustum.

Haddad continued: If we have been afflicted by a regime which does not respect neighborly ties and whose rulers continue to be a source of provocation, aggression and interference in our internal affairs, what can we say about those who support charlatan Khomeyni who curses Arab nationalism, considering it one of the artifices of the diabolical schemes of the United States?

The Iraqi National Assembly speaker wondered whether the assistance they rendered to the Iranian regime in killing of Iraqi army personnel and civilians and in occupying Iraqi territory was a service to Arabism to which they claim to be affiliated. He asked: What happened to the Arab defense pact charter and the charter of the Arab League, stipulating that any foreign aggression against any Arab countries? What became of the FES summit resolution which expressed commitment to supporting Iraq against the unjust Iranian aggression? Haddad added: You shoulder a major Arab responsibility in championing the truth and taking the right stand on the events in the Arab region. The issue cannot wait any longer. The Arab masses consider you a fair judge who will issue a fair and uncompromising decision. How can the Tripoli rulers support Khomeyni with arms and with the Libyan people's funds against Iraq? How can the Damascus rulers work for boycotting Iraq economically by closing the Syrian borders with it and preventing the outflow of Iraqi oil through Syrian territory without being officially condemned or without being asked to stop such an Antipan-Arab stand which contravenes the Amman summit resolutions on defining joint Arab economic action?

Haddad also said: When we call for peace from a position of strength, we seek to build our country, develop the life of our people and begin a serious experience in the service of the country and to face our historic enemies led by the Zionist enemy. However, the Iranian enemy continued its arrogance and rejection of all good offices. It continued to close its ears to the calls of world peoples and organizations to end its aggression. Haddad said: It has become clear that Tehran and Tel Aviv are cooperating in the field of arms. The Zionists and others colluding with them are persuading the Iranian rulers to continue the war, engage Iraq in fighting and exhausting its immense human, military and economic resources.

Haddad called on the Arab parliamentarians to carry out their Pan-Arab duty in opposing the continuation of this war which does not only threaten Iraq but also the Arab Gulf and which exposes the peace and security of the area to danger. World peace, he added, is closely connected with the peace in this sensitive area.

Haddad said that the epics of the battles of Saddam's al-Qadisiyah are written by the blood of the Iraqi and Arab martyrs who defended the Arab walls in the Arab Gulf. The threat of Iran in collusion with the Zionists who are launching aggression against the Palestinian and Lebanese people must be worthy of further discussion by the APU so that the Arab answer may rise to the level of the Iranian-Zionist-imperialist challenge.

On the previous work of the APU, Haddad said: We can frankly say that we are dissatisfied with our union's work in last year because it did not deal with the fateful challenges to the Arab nation. We hope that through objective discussion we will be able to overcome the state of disunity and negligence and rise to the level of our historical duty as representatives of the masses in our countries.

CSO: 4400/195

## BRIEFS

BURIAL OF IRANIAN DEAD--Baghdad, 13 Feb (WAKH)--Latif Nusayyif Jasim, Iraqi minister of culture and information, has announced that the special military units in the Mutan sector have completed the burial of Iranian dead in mass graves along the front. In an exclusive statement to the WAKH correspondent in Baghdad today, the Iraqi minister said: the Iraqi units, out of respect for divine Islamic teachings for the holiness of man, did not leave any corpses on the ground, despite the extra burial work added to the combatants' duties, the Iranian enemy left his dead, not only in these battles, but in all the previous battles, and appeals or calls to bury the bodies have been to no avail. The Iraqi minister of culture and information stressed that the recent battles in the al-Shib sector manifested the Iraqis' firm will and determination to foil all attempts by the enemy to cross the border. The films shown by Baghdad television have given a clear picture to all of Iraq's readiness to confront the Iranian troop concentrations, bury their attacks and inflict the heaviest losses on their forces, he said. Concluding his statement, the minister hoped that Iran's great losses during the past week will put the Iranian rulers face to face with the truth and make them understand that their way of war will lead to nothing but more military and economic losses and thousands of the Iranian people's sons will perish. [Text] [GF131510 Manama WAKH in Arabic 1325 GMT 13 Feb 83]

PRESIDENT CABLED--Baghdad, 12 Feb (INA)--President Saddam Husayn has received a congratulatory cable from the commander of the air force and one from the commander of the navy and coastal defense on the occasion of the Iraqi armed forces' victories over the Iranian forces in the al-Shib area in the Maysan operational sector. The air force commander's cable reads: We renew the pledge, Mr President, that our air force will always meet the responsibility entrusted to it and will continue to protect the skies of proud Iraq from the aggressors' filth. Our swords will continue to be drawn in the face of the enemies of both great Iraq and the Arab nation. We are confident of scoring final victory under your great leadership and the loyalty of our people and armed forces. May God bless your leadership and bless our heroic people. Looking forward to further victories, we beseech God to be with you. The navy and coastal defense commander's cable reads: Mr President: Amid rejoice over the great victory and the glorious revolution anniversary, your soldiers the heroes of your navy extend to the heartfelt congratulations and loyalty, pledging to safeguard the homeland with their blood. May God preserve you as an inspired leader and always grant victory to our armed forces. We pray that Iraq will remain mighty and safe with your efforts, as well as the efforts of the Iraqis and loyal soldiers. Victory comes only from God. [Text] [JN121446 Baghdad INA in Arabic 1345 GMT 12 Feb 83]

## SELF EXAMINATION IN NRP URGED

Tel Aviv 'AL HAMISHMAR in Hebrew 20 Dec 82 p 3

[Article by Dorit Gefen: "Silent Majority vs Vocal Minority" ]

[Text] Jubilee celebrations are not proper timing for self examination. They are generally used for gloating over achievements of the past and hopes for the future. In this respect, Hapoel Hamizrakhi, which is celebrating the sixtieth anniversary of its founding is no different. Hapoel Hamizrakhi is identified with the NRP and its leadership is integrated with that of the NRP. On the holiday of Hapoel Hamizrakhi it is difficult to ignore the situation of its political arm -- the NRP, which has reached a deep depression, having lost half of its strength in the recent elections.

The secretary general of Hapoel Hamizrakhi, Rafael Ben Natan, who is considered the strongest man in the NRP, and through whose fingers all the internal strings of the party pass, believes that the NRP is currently undergoing a process of recovery. He attributes the blow suffered by his party to the general atmosphere of extremism in the country, especially among the youth -- to the right wing. "Religious youth did not escape this, and we were hurt by it. There was an attempt to put the emphasis on one issue, and the distortion was expressed in the elections," he explains, adding: "But in the last half year we have felt a reawakening and recovery, and a return to the source".

Ben-Natan, who has more than once voiced criticism within his party regarding the government's policy, is considered by his opponents within the NRP to be one who is trying to restore the party to partnership with the Alignment. In a conversation for publication, he does not say things explicitly, and he is also critical of the labor movement, but he emphasizes that the NRP does not reject any party out of hand, and that in fact it seeks a government of national unity. He explains the NRP's devotion to Knesset seats as a necessity for continued existence, for without it the NRP would disappear from the map. He says things as almost an ideology. "For 29 years Begin was in the opposition, and in spite of that he could as a matter of principle apply his policies during the period of his regime, at least domestically. This is not the case for us -- if we were in the opposition for such a long period of time, we would cease to exist. You cannot make a non-religious man into a religious man by means of the Knesset. It requires extended education" He notes that when the NRP is not in the government, there are fewer students in the state religious school system.

Of course, Ben Natan does not say that these students are the reservoir of the NRP, but that is the message. For otherwise, it would be possible to ally with one religious party which would protect the special interests of the community, or to anchor its rights by means of law. But the religious parties, and especially the NRP, are interested in expanding their circle of influence not only among people, but also on issues whose connection with religion is accidental or artificial.

The drift to the right of the NRP did not begin with the political revolution of 1977. The process occurred immediately after the Six-Day War and the occupation of Judea and Samaria. It was the NRP which conditioned its participation in a coalition of Golda Meir in the holding of elections upon her raising the issue of a political solution on the eastern border which involved the return of the territories. But the NRP ate the fruit of the political radicalization for many years after that, when its voters stopped viewing it as the single party which placed emphasis on the social religious aspect, and found for themselves their own political addresses.

Over the course of many years, the NRP learned to maneuver the middle road, with an important national goal in bridging the gap between the secular and religious communities, and in moderating the conflict between them. From the moment that it adopted an extremist line, it deviated not only from its traditional role in political affairs, but also in the religious sphere, where it viewed itself as a competitor of Agudat Yisrael.

The one hundred and forty thousand members of Hapoel Hamizrakhi are the prime potential of the NRP, even though tens of thousands of them voted for other parties in the last elections. The things which Education Minister Zevulun Hammer said during the war, and the appearance of rabbis and heads of yeshivas in a style different from that of Rabbi Druckman and Rabbi Naria are symbols of an opening of the eyes and personal reckoning within the religious party. At the same time it is difficult to ignore the loudness of Rabbi Druckman and his colleagues, who still set the tone and give the public image of the NRP. Rafael Ben Natan does not esteem the loud mouths, but the silent majority, who are in his opinion more moderate and balanced. He illustrates this as follows: when you sit in a cafe and many people pass by, you do not pay attention to them, but if someone suddenly strips off their clothing in the street or causes a commotion, then your attention is directed to him....

Hapoel Hamizrakhi and the NRP may be the key to another political revolution in Israel. During the Likud period, the NRP's past greatness was weakened by its defects. The Likud did cushion the NRP's losses in seats with honoraria and allocations. These lessened the pain, but did not heal the deep breach in this grand old party. In order to heal it, there will have to be an internal self-criticism, which will put the NRP back on the track of the center.

7075

CSO: 4425

## YITZHAQ REFA'EL'S EFFECT ON NRP ANALYZED

Tel Aviv HA'ARETZ in Hebrew 22 Dec 62 p 9

[Article by Akiva Eldar: "Refa'el Rides Again"]

[Text] It is difficult to know if it is mysticism of the past or faith in (suspicion of) the ability of Yitzhaq Refa'el's ability to bring about a change that propelled this NRP activist and frightened the leaders of Likud who learned of the return of this man approaching his seventieth year to the arena. Refa'el was quick to announce that he was not interested in power, and that his enlistment only had the purpose of healing the rifts in his old faction of "Unity and Change". He calmed the public with his promise that he had not decided to return to politics, but only to return the NRP from its extremism to the Mizrakhi principles. Yet this did not pacify the leaders of the NRP, who are concerned now on the eve of internal elections. A leader of the stature of Refa'el, who accompanies a seasoned politician such as David Glass, upsets the applecart and others' plans.

Yitzhaq Refa'el and his colleagues in "Unity and Change" come home innocent of any guilt for the great failure in the last elections. Now they are able to demand a change of horses, as well as the course which almost cut the house in half. Refa'el is to the NRP what Ezer Weitzman is to the Center Party — a charismatic leader who is breaking into the field from the outside, and reaping the sympathy of the public. The public which sympathizes with him is composed of what is defined as the "followers of the Torah", who remember that Refa'el achieved the agreement with the Alignment in the matter of allocating funds from institutions to the yeshivas. No other person could have brought to one table the hostile heads of the "Unity and Change" chapters from Jerusalem, Benei Brak, and Tel Aviv. His followers say that there is in Refa'el that same glue which will bring back to the NRP the exiles from Tami, of the sephardic community. Many of the faction activists who flowed after Aharon Abu-Hatsira following the split were disappointed and have been seeking a way to return to the mother party.

Yitzhaq Refa'el opened the door for them. From the political wilderness he observed those who rejected Glas and Abu-Hatsira. The waves of the ethnic struggle which broke out after Yisrael Lipel was dismissed from the Ministry of Religions did not touch him. A year before, Glas had done penance, asking for and receiving the forgiveness of Refa'el. Since then, the man who had been the chairman of the legislative committee of the Knesset spared no effort to bring Refa'el back into politics.

At first, Refa'el operated from the outside, in the style of "those who had been", like Yitshaq Ben Aharon and David Ha-Kohen, by preaching to the leaders who had brought about the fall. Now, five months before the NRP's internal elections, he has been accommodated and is willing to stand at the head of "Unity and Change" that is renewed, at this point only as an ideologue who writes platforms and brings peace to the party.

In the faction, it is foreseen that since the political bug has bitten him, Refa'el will not be satisfied with this. The results of the internal elections will show the true strength of the man as the new-old leader of the religious-Zionist community.

Refa'el did not hide his dovish views and reluctance to be partners with the extreme wing of Likud and Tehiya. If it were left to him, he would reconstitute the old alliance of the NRP and the Alignment. On Saturday night, he appeared at the party branch in Tel Aviv, where he said: "The NRP must return to a balanced road."

Refa'el is even finding partners for this position in the controlling leadership of the party. The strong man of the La-Mifne faction, Rafael Ben-Natan, this week joined his leader, Dr Yosef Burg, and in a speech to the Mizrahi convention warned against the spirit of nationalism as well as those leaders who constantly invoke the name of God. The leader of the younger members, Zevulun Hammer, also understood that the extremist line had brought catastrophe to the party. Those who support the doctrine of Gush Emunim preferred the source of extremism and gave their support to Tehiya, and even to Likud. Hammer is now afraid that what happened to the NRP may now happen to him internally. Rabbi Haim Drukman, who decided to run in the internal elections, will draw the extremist camp, Burg will get the votes of the moderates, and the younger people may simply be split between them.

Whether it was a matter of pragmatic political considerations, or there actually occurred within him a moral-ideological change — Hammer has assumed the image of a moderate, and brought about an agreement of cooperation between the young people and his principal opponent, Burg and La-Mifne. Such an agreement is a protection against the risk of defeat in the internal elections, and in fact assures him that the inheritance will pass to him as the fruit falls from the tree, with the departure of Burg.

This consideration was alright up to the point of the rebirth of "Unity and Change" under the leadership of Yitshaq Refa'el. This faction is now following Ben-Natan, demanding the removal of Hammer, and the placement of a respected leader not known as a loser in the front position. David Glas and his colleagues in the Jerusalem branch of "Unity and Change" (the largest branch linked by agreement with the Benei-Brak branch), Pinhas Sheinman and Mordechai Basok of Tel Aviv, are now united not only in their renewed sympathy for Refa'el — they are also united in their disappointment with Burg and Hammer, who refused to integrate them into the institutions of the party at the expense of positions allotted to their faction.

Thus, for example, the young people refused the demands of the "Unity and Change" people from Tel Aviv, who had joined with them to receive the positions vacated by the death of their leader, Yitshaq Fishler. The demand by David Glas to be appointed along with members of the committee to distribute the funds of the coalition agreement (200 million shekels) was rejected outright. These funds are

distributed according to a factional index among the religious institutions, and will play an important part in the internal elections. The "Unity and Change" faction, whose members constitute 20 percent of the institutions of the NRP are now demanding a piece of the pie which had been denied to them in the days before the reunification.

Half of the strength of "Unity and Change" comes to it from the Sephardic religious community, to a great extent because of the great esteem in which Abu-Hatsira was held by the Moroccan Jews. A great degree of the effect on the strength of "Unity and Change" is acknowledged to result from the prosecution of the Tami leader in the high court. If his appeal to the high court loses, the criminal conviction will diminish the esteem in which Abu-Hatsira is held, and it may be assumed that many of his followers who left the "Unity and Change" faction with him for the ethnic party will return to their mother party. A few are already disappointed with the pollution and nepotism of their new party. Central activists, such as Adi Amsalam of Ashdod and the Rabbis Pinto and Sabto have already found their way back to Refa'el.

The degree of the success of Yitshaq Refa'el and his faction will have an impact not only on the future of the NRP and the balance of power within it. His voice may be joined by other voices recently heard from the camp of Yeshiva graduates, rabbis, and professors who have organized into the "Torah and Peace" movement. With renewed discussion of the Reagan plan and the question of the future of the territories, these voices may join together into a chorus whose melody will not please the ears of the Likud partners. It is not for nothing that they are filled with suspicion of the horse which has awakened in Jerusalem.

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SEPHARDI FACTION SAID DEVELOPING IN HERUT

Tel Aviv MA'ARIV in Hebrew 30 Dec 82 p 21

[Article: "Sephardi Rebellion in Herut"]

[Text] Thirty-four prominent activists in the Herut movement, almost all of them of Oriental background, some of them mayors of development cities in various places in Israel, met a few days ago at a protest meeting in Tel Aviv against the neglect of the oriental communities at the last Zionist Congress. Already during the course of the Congress, representatives of the oriental communities threatened the Herut movement that they would leave it and create a new faction called "Herut Yafa".

The 34 activists, all of them members of the Herut movement center, are protesting that the six members of the directorate of the Agency, on behalf of Herut, are all Ashkenazim, and that they are 90 percent of the executive committee.

At the Herut convention, these people passed a resolution according to which the movement will not join the coalition leading the Zionist Histadrut, unless Yosef (Jojo) Avitan, the deputy mayor of Ashdod, is appointed of the board of directors of "Aminur", and Shaul Amur, head of the regional council of Migdal-Ha'emeq, is given the portfolio for reconstruction of neighborhoods in the Zionist directorate.

For the time being, the two did not receive the appointments for which they were hoping.

Members of the oriental community, according to what they say, have also been insulted by the "mocking and insulting" expressions by certain persons in the Herut leadership. Things reached such a point that at one of the sessions of the Zionist Congress, Jojo Avitan initiated a meeting with the prime minister, and protested the neglect and denigrating attitude encountered by his colleagues in the Herut movement.

Participating in the protest meeting in Tel Aviv were, among others: Ovadia Ali, mayor of Afula; Shaul Amur, head of the local council of Migdal Ha'emeq; Yehuda Ben-Ze'ev, head of the local council of Beit Shemesh; Gabi Levi, deputy mayor of Ashkelon; Yehoshua Matsa, chairman of the board of directors of "Housing and Development"; Jojo Avitan, deputy mayor of Ashdod; Jacques Lardou, deputy appointee over the northern district; and Ya'akov Shamai, head of the "blue-white" faction in the Histadrut.

In a speech which he delivered to those present, Jojo Avitan said, among other things: "When six Ashkenazim convene — Matityahu Drobels, Rafa'el Kotlovitch, Eli Tavin, and another five bigshots in the Herut movement, and they decide among themselves how to divide up the posts — that is not ethnicism. But when 50 people cry out because they are neglected and pushed aside — that is ethnicism.

"We do not want to be half and half. We are lagging behind. But aren't we entitled to ten or twenty percent? They forget that because of us the Likud is in power. OK. They claim that we have no able people. Then please, train us.

~ "Go and count the ambassadors, the general directors, the company managers, the department heads. We will see how many of them are Ashkenazim and how many are orientals. I know that I could bury myself in such talk.

"We are not poor wretches. We can integrate ourselves very well. Seventy-four percent of the orientals voted for Likud. Now they treat us like this. I also blame the orientals who are in the leadership of Likud for the situation which has been created. They fill their mouths with water. We always fought against ethnicism within the Herut movement. Because of the oriental community, the Herut movement came to power. Now that it is in power, Herut is following in the path of the Alignment." This is what Jojo Avitan said.

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GOVERNMENT'S NEGOTIATING POSITION ANALYZED

Paris AL-MUSTAQBAL in Arabic No 307, 8 Jan 83 pp 20-23

[Article by Ghassan Bayram: "Lebanon Negotiates on the Basis That the Arabs Will Not Isolate Her and Israel Will Not Swallow Her"]

[Text] Observers call the Lebanese-Israeli negotiations the "beginning of a new era" because either Israel will move toward the Arabs through Lebanon or Israel will remain frozen on the borders of Lebanon awaiting a total peaceful solution with the Arabs.

All official Lebanese political personalities and ambassadors of the Arab and foreign states turned in to Lebanese television coverage of the developments in the opening session of the Lebanese-Israeli negotiations with the American side in attendance. The coverage began at exactly 1030 on Tuesday, 28 December 1982. Everyone saw the negotiating table as the "beginning of a new era in the region"--and not just in Lebanon or between Lebanon and Israel.

The phrase "the beginning of a new era" was virtually the only description circulated among political circles, and particularly among the foreign diplomatic corps--a fact which certainly gained much attention.

Why was this described as the "beginning of a new era?"

Is it because the prophecy or expectations of some Israeli leaders have come true and Lebanon has become the second Arab state to sit down at the negotiating table with Israel to discuss a peace agreement?

Or is it because Lebanon is the second link that Israel has succeeded in detaching from the Arab ranks, which throughout the 2 years of conflict have remained in disagreement about nearly everything and in agreement about only one thing: the rejection of peace and reconciliation with Israel and the refusal to accept Israel as an alien member of the Arab body?

These kinds of answers were, in the view of observers, mere sidenotes to the current and future position--insignificant strokes in the emerging picture of the future in the Arab East in particular and the Middle East in general.

The phrase "the beginning of a new era" has been used only in connection with another concept of the position. This position says the following:

--First, while it is true that Lebanon is the second state following Egypt to enter into political and military negotiations with Israel--the greedy and expansionist enemy state--the fact is that Lebanon is the first Arab state to enter into negotiations with Israel with tacit Arab approval and encouragement to conduct negotiations aimed at evicting the occupier and regaining sovereignty. There has been no Arab threat to boycott Lebanon or cast it out of the Arab family and isolate it as there was in the case of the great Arab state of Egypt.

--Second, it is true that Lebanon is basically the weakest and smallest link in the Arab chain and, with the Israeli occupation of large and important portions of its territory, has no choice today but to enter into negotiations to liberate its land so that it can bequeath life to it again. However, it is also true that Lebanon's decision to negotiate with Israel was a result of an Arab resolution, or at least a general Arab climate generated by the resolutions of the recent Fez summit conference. These resolutions announced that the Arab states were ready to end the state of enmity and was with Israel and enter into negotiations with it to conclude a peace agreement on the basis of an Arab plan specifying the principles and fundamentals of a total solution.

The basis for Lebanon's entry into negotiations with Israel contains nothing incompatible with the essential character and spirit of the Arabs' Fez summit resolutions. This is because Lebanon entered these negotiations with the aim of ending the Israeli occupation of its territory on the basis of the armistice concluded in 1949 with some development of this agreement to allow for the changes and developments that have occurred since that time and consequently for the current state of affairs in Lebanon, irrespective of the ambitious and objectives that Israel wants to achieve through these negotiations.

From a rapid and deliberate review of the various comments and political reactions that have come out of the Arab states, we observe that these comments have not in the least condemned Lebanon. Instead, they have appreciated its circumstances and conditions and have acknowledged its right to oust the occupier from its territory. Moreover, they have strongly attacked Israel's intentions and ambitions and the great difficulties it has sought to foist on Lebanon.

Whether these negotiations succeed or fail in reaching some agreements, Lebanon will undoubtedly suffer the effects of a failure. However, the biggest failure politically will be that borne by the American ally. The opposite is true if these negotiations succeed in achieving what Lebanon wants and the Arab world feels confident of.

In brief, and under any circumstances, the Arab and Lebanese acclaim will be directed at America if the desired aim is achieved as a result of these negotiations. And America will be the target of Arab blame if these negotiations fail or if the bounds of the Arab aims are exceeded.

Therefore, the general opinion is unanimous that the Lebanese-Israeli negotiations are (from an Arab perspective and an international perspective in general) tantamount to a test of American intentions first of all and the ability of the American role to produce a total and just solution preserving the minimum Arab-Palestinian rights and force Israel to accept it.

To this point, the American move--despite the faltering that has characterized it--has emerged out of a position of American acceptance of this challenge to its ability to singlehandedly produce a total solution for the crisis in the area. The new year (1983) will see the beginning of peace negotiations between the Arabs and Israel based on Washington's original announced commitments that it initiated in Lebanon. These are:

First: A commitment to end all occupation of Lebanese territory, solve the problem of Lebanon, and use this as a starting point for a solution to the Palestinian problem.

Second: Refusal on the part of the United States to force Lebanon to sign a reconciliation and peace agreement with Israel. Washington has succeeded in keeping this commitment by forcing Israel to relinquish this condition as the price for withdrawing its forces from Lebanon.

Third: American agreement to reject making Jerusalem the site of these negotiations.

In the latest official meeting in the republican palace, leaders conducted evaluation of the position shortly before the start of the negotiations in (Khaldeh). One senior Lebanese official described the position as holding that these negotiations will inevitably lead to positive, tangible, and rapid results if the American role remains as active as it has been throughout the past 2 months.

However, a few hours before the beginning of the negotiations, the ambassador to Lebanon from one European state said: "We are witnessing today the strangest beginning to the strangest negotiations in modern history between two enemy states that have lived in a state of war for more than 30 years. The efforts to prepare for these negotiations failed to lead to agreement in advance even on the minimum plans and general principles for the conduct of the negotiations, contrary to accustomed procedures in all similar circumstances."

A former prime minister asked this ambassador:

Do you believe that such a beginning of such negotiations can lead to positive results that will achieve a complete Israeli withdrawal from Lebanese territory?

Smiling, the ambassador made the following reply to the Lebanese politician: "At any rate, this is what the American friends are seeking."

When he made this observation, the European diplomat had advance knowledge of the contents of the opening session speeches made by both the head of the Lebanese delegation, Dr Antoine Fattal, and the head of the Israeli delegation, David Kamchi.

The immediate impression given by the speeches in the opening session demonstrated in a way that leaves no room for doubt that the foundation on which the Lebanese negotiators stand is completely different from that of the Israeli negotiator. Each of them was singing his own tune while the American partner played the "tune of peace" offered to everyone.

The Lebanese negotiator talked about returning to the 1949 armistice agreement as a foundation for new security arrangements that will ensure agreement on a schedule for withdrawal.

The Israeli negotiator began talking about political negotiations leading to a peace agreement, normalization of relations, and a schedule of withdrawals that would be worked out on the basis of a security agreement.

This incompatibility and disagreement was reflected in the positions on the agenda.

The Lebanese side proposed the following agenda:

- a schedule of withdrawals,
- agreement on security arrangements, and
- discussion of the political situation.

On the other hand, the Israeli agenda turned the priorities upside down and went further than the Lebanese negotiator in proposing the initiation of negotiations on the normalization of relations between the two countries (security arrangements and schedule of withdrawals).

This led to a failure to agree on the agenda in the first session. Therefore, it was postponed and the decision was made to continue discussing this issue in the second meeting, which was held in Qiryat Shemona in Israel.

Nevertheless, the head of the American delegation participating in the negotiations, Mr Morris Draper, felt that this discussion represented significant progress. Following an evaluation meeting with the Lebanese

foreign minister after the session, the head of the American delegation said that "America's attendance at the negotiations as a participant is a very important thing."

The first opening session was followed by a leak of information from an American source which is expected to lead to progress toward reaching agreement on the agenda. The entry into negotiations will tend to bring about agreement on measures adopted during mid-January leading to balanced Israeli withdrawals to the south as far as the town of Damur and Syrian withdrawals 15 kilometers to the last toward al-Biqa'.

It has become evident that at the present time--since Philip Habib's latest visit to Beirut and Israel--are talking only of this partial Israeli withdrawal. Some Lebanese experts view this withdrawal as nothing more than a disengagement operation while others consider it only an operation to achieve partial Israeli withdrawals from the surroundings of the suburbs of the Lebanese capital.

While the Lebanese continue to focus from an official standpoint both secretly and openly on asking the Americans for a unified plan for staged withdrawals according to a definite time schedule, no word or indication concerning the future of the Israeli occupation of southern Lebanon has yet appeared in the American information lexicon. Will Israel decide to withdraw from the south within the next 3 months? If not, what will they do?

This is a question that President of the Parliament Kamil al-As'ad and President of the Supreme Shi'ite Islamic Council Shaykh Muhammad Mahdi Shams al-Din have begun to insist on asking in their meetings with the president and their communications with the American side.

The religious leader of the Lebanese Shi'ite Islamic community has voiced his fears of continued Israeli occupation in the south throughout 1983 and perhaps 1984 unless this matter is settled now at the negotiating table. He said that it would be worthier and more honorable for Lebanon to stop the negotiations if it becomes evident that Israel is incapable of withdrawing from the south.

Shaykh Shams al-Din informed the president that Israel's continued presence in the south and the failure to settle the question of Israeli withdrawal at the negotiating table immediately would mean that the fate of the south would be tied to the anticipated negotiations concerning the West Bank and Gaza in the framework of the solution plan proposed by the American president.

Shaykh Shams al-Din warned of the danger of any Lebanese or Arab failure to deal with the issue of the south because the continued presence of Israel in the south, with the threat this poses to the identity of this Lebanese region, would mean that Israel will remain present in the Lebanese capital.

Prior to this, President of the Parliament Kamil al-As'ad informed American envoy Philip Habib and his aide, Morris Draper, that the failure of Israel to withdraw from the south would mean the failure of the United States' policy of separating the Lebanese problem from the Middle East crisis with all its complications and repercussions. This is because the area of the south was fundamentally the connecting link between the Lebanese situation and the crisis of the area that was the cause of the outbreak of this situation.

The fears that the south will remain under Israeli occupation emerged through indications in the talks that recently began concerning a partial Israeli withdrawal for a distance of 15 kilometers to the town of al-Damur.

When Israel gave its agreement for these withdrawals, it was clear that it would be limited to the coastal area and some mountain and central areas and would not include the areas that come before the line extending upcountry from al-Damur to the highlands in the areas of al-Shuf and 'Alayh. Israel asked to retain military posts in those mountain areas for itself. Therefore, it insisted on being granted the right to make military movements on the international Damascus road via the coast al line extending from al-Shuwayfat and al-Hadath to al-Haziniyah and upcountry to 'Alayh-Bhamdun. It also insisted on keeping the listening post and the early warning system it installed atop Mount al-Baruk.

Official Lebanese authorities have exerted tremendous efforts with Washington to convince it that Israel should withdraw the condition of the right to make military movements via the Damascus international road. However, the American capital's efforts in this regard failed. The issue is still up in the air and has not yet been decided. Meanwhile, the Lebanese state is sticking to its refusal and has told the Americans that this concession demanded by Israel means that the area surrounding the republican palace will remain under Israeli control as it is now.

This very fact has caused many observers to ask:

How will it be possible for the American role to force Israel to withdraw from the south as long as America is unable to force Israel to back off from its demand for permission to maintain a military line on the international Damascus road?

It is certain that America faces extreme difficulties in controlling Israel's basic decisions and at the same time finds itself embarrassed before Lebanon and the Arab world.

Some optimists continually lean toward certainty that the Americans still hold a hidden card which they will inevitably lay on the Lebanese-Israeli negotiating table sooner or later. This card must provide a way to exert

effective pressure by which Washington can achieve the firm position it has put forward by various means. This position holds that: "The United States will not allow Lebanon to be brought either to the point that it is thrown out by the Arab world or to the point that it is swallowed by Israel."

Whether the American role in Lebanon succeeds or fails, the area now stands on the threshold of a new era. Either this era will be stamped with the American stamp or the Soviets will return to the area--on a white horse, this time.

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# EXTENT OF ARAB INVESTMENTS DETAILED

## Saudi, Kuwaiti Investments

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 43, Dec 82 pp 15-18

[Text] Saudis and Kuwaitis buy hotels and banks.  
 Mahfuz, Bajmal and Jalidan buy Hilton Hotel and Continental Development Bank, after buying the Bank of Toronto and the Diners Club.  
 Prince Muhammad ibn Fahd buys a 20 percent share in the Bank of Beirut.  
 Al-Shaykh Fahd al-'Adhal buys a 20 percent share of al-Madinah, [City] Bank, and the Kuwaiti Sabah al-Rayyis syndicate buys a 20 percent share of Port Emilio.  
 Akram al-'Ajjah negotiates to buy the (Vendôme), and Ghayth Far'awn negotiates to buy the Carlton.

Throughout its lengthy predicament, a predicament that was protracted and seemed unending, Lebanon's name was almost forgotten by Arab investors. It may even be said that Arab investors suddenly turned their backs on Lebanon after realizing that Lebanon's predicament would go on for a long time and ruling Lebanon out of their investment considerations.

But suddenly after ignoring it for 8 years Arab investors have instinctively returned to Lebanon and, as the first signs of openness and the first hopes of peace emerge, they are again becoming aware of it. Arab investors have turned to Lebanon again, looking at it closely, trying to detect the first green light that would indicate the possibility of going back to the country, investing in it and perhaps even settling partially in it as was the case before the war. Now there is hardly an Arab investor who is not trying to gather news of Lebanon as the Lebanese people do. These Arab investors are gathering their papers together and making their plans for the future in this country. They are all interested, and they all want to be the first to ensure their share of this hub of activity. This is where the multi-national forces, Philip Habib and the agencies of the Lebanese state are trying to remove the remaining mines that lie in the way.

Despite their hopes for Lebanon Arab investors are still generally apprehensive and hesitant. To them the condition that any investors would wait for is that of stabilizing the course of security and stability. However, a number of those investors, especially those from the Gulf, seems to have preferred not to wait.

These investors seem to prefer the benefit of being there first even if that meant taking a greater risk. Gulf investment operations that occurred last time proved that.

In the context of exploring the first Arab investment efforts in Lebanon and the possibilities of these investment efforts, this is a preliminary report on the most important investment operations that occurred recently. This report also contains a review of the opinions of leaders in government investment and a review of the opinions of some senior investors in the Emirates on the future of Arab investments in Lebanon.

In recent weeks several relatively important transactions have taken place in the Lebanese market. These were good indicators of the fact that Arab investments were likely to return to Lebanon. There are other similar indicators in this regard which are expected to occur soon.

AL-IQTISAD WA AL-A'MAL has observed what took place recently in this regard. It is reviewing its findings here to provide examples, not to provide an exhaustive list.

1. The Hilton Hotel: A Saudi syndicate has purchased 80 percent of the Mediterranean Hotel Company which owns the Hilton Hotel on the seashore near the Normandy. The names that have been announced in this syndicate are al-Shaykh Mahfuz ibn Salim ibn Mahfuz and al-Shaykh Muhammad Jalidan.

It has been learned that a preliminary agreement has been signed on the basis of the fact that the value of the property is around 100 million Lebanese pounds--90 million pounds minimum and 110 million maximum. About half of that sum was actually paid when the purchasing syndicate assumed the company's debts of 52.5 million Lebanese pounds. The full sum is to be paid after final appraisal [of the property] is completed. This process is being carried out by the hotel's engineer, Mr Louis Thabit and by the authorized experts of the syndicate that is buying the hotel.

It has also been learned that the Saudi syndicate will increase the hotel's capital to the amount needed by the final completion process of the project. This is estimated at 72 million Lebanese pounds.

The management of Hilton hotels in the United States is expected to hold meetings next month to urge that arrangements be made for completing the work on the hotel and preparing it for operations. All this will require no less than 15 months.

The Hilton Hotel in Beirut consists of 426 rooms, and it is located on an area that is 3,750 square meters. Total construction area, however, is about 32,000 [sic] square meters. As far as its location and its construction are concerned, the Hilton is considered one of Beirut's superior hotels.

How Was the Deal Concluded?

Negotiations did not last long, and an agreement was signed last November 13. What happened was that a group of three Lebanese [businessmen], Attorney Nu'man Murad, Attorney Joseph Louis Abu Sharaf and President of the Beirut Stockbrokers' Association Mr Nabil 'Awn acted as agents in this transaction between the two

parties, the seller and the buyer. This is because they have a relationship with both parties. The transaction was completed amidst stiff competition in which more than one syndicate had participated. It has been learned that among these syndicates were the International Buildings syndicate; the 'Adnan and 'Adil al-Qassar syndicate, which was negotiating for another Saudi syndicate and a syndicate from Hong Kong; and the syndicate of businessman, Mr Akram al-'Ajjah. But Ibn Mahfuz's syndicate benefited from the quick action that was taken by the forementioned three Lebanese agents and by the fact that a quick decision was made. The competition peaked when Mr Marun Mas'ud, representing Mr Akram al-'Ajjah offered al-Shaykh Jo Kayruz, the major shareholder in the Hilton Hotel an additional sum of 10 million pounds. This offer was made while he was in Paris before the agreement was signed. However, the latter refused to go back on his promise to sell [his share] to Ibn Mahfuz's syndicate.

It is known that Shirkah al-Ittihad al-Watani lil Ta'min [the National Alliance Insurance Company] owns 80 percent of the stock of the Hilton Hotel--about 50 percent for al-Shaykh Jo Kayruz and 19 percent for Mr Antoine al-Faghali. This was before the transfer of ownership from the Kitanah family. At that time those who bought the al-Ittihad al-Watani [Insurance] Company had to buy the Hilton Hotel also even though they lacked experience in this field. It seems that these people had always wanted to sell the hotel and to concentrate the activity of [their firm], al-Ittihad al-Watani Insurance Company, on insurance. And this is what happened.

It may be said that the sale price at which the deal was concluded was a good price for both the buyer and the seller. The buyer acquired an attractive operation from which he can realize immediate profits if he wants to sell, and the seller realized considerable profits because most of what he received amounted to a profit, since he had owned a large percentage of the project ever since he had purchased it. Investing that sum in the insurance field, which is his specialty, would be more useful for the seller.

#### The Continental Development Bank Deal

2. It was the same group of Lebanese agents (Murad, Abu Sharaf and 'Awn) who concluded this deal for another Saudi syndicate which is made up of Mr Mahfuz Salim ibn Mahfuz, 'Umar Bajmal and Muhammad Jalidan. The deal was concluded when the Saudi syndicate purchased 98.15 percent of the bank's stock, (common) stock, for 25.3 million Lebanese pounds.

Negotiations for this deal had begun a few months ago, specifically before Israel's invasion of Lebanon. These negotiations went through ups and downs. At first, it was the late Pierre Sahnawi who was negotiating with the Americans who own the bank: the Continental Bank of Chicago. Mr Sahnawi was assisted by his legal adviser in Lebanon, who is authorized to sign on his behalf, the present minister of information, Attorney Roger Shaykhani. Some progress had been achieved in these negotiations, but Israel's invasion of Lebanon brought them to a standstill.

After the death of Mr Sahnawi over a month ago, the two Lebanese agents, Mr Nabil 'Awn and Attorney Joseph Abu Sharaf suggested that [they negotiate] the transaction on behalf of their clients, the Saudi syndicate of Ibn Mahfuz and Bajmal. This was what happened, and the deal was concluded last month. It has been

learned that the shares were distributed as follows: 'Umar Bajmal: 35 percent; Mahfuz Salim ibn Mahfuz: 25 percent; Muhammad Jalidan: 15 percent; and Attorney Nu'man Murad: 25 percent.

Several syndicates were competing over this transaction. The most prominent of these syndicates were that of La Banque du Paris in Paris, which seems to have been negotiating for the Kuwaiti government; and a Kuwaiti syndicate represented by Mr 'Umar al-'Ayd.

The Continental Development Bank has been doing business in Lebanon for a long time. It was owned by the Sa'b family before it was sold to the American owners. However, the pressure of events in Lebanon on the bank was severe. The main offices of the bank were on the contact lines in al-Sayfi, and the bank's creditors owned property in al-Dabas Square and in al-Damur, that is, in two areas that until yesterday were considered in a state of stagnation because of the security situation in them. However, the change in security conditions revived the bank's status and placed the bank in a much better position. The bank has a branch in al-Dawrah and another in al-Sayfi. The bank also has a permit for a branch in al-Damur.

At the present time the bank has 28 employees; they received compensation from the American seller of about 9 million Lebanese pounds--at the rate of 60 months for each employee. The bank's budget is about 102 million Lebanese pounds, and deposits are about 32.5 million Lebanese pounds.

It has been learned that the new group intends to change the name of the bank. A proposal has been made to call the bank the Bank of Jeddah. It is also expected that the board of directors will be chaired by Saudi businessman, Mr 'Umar Bajmal. It is hoped that this bank will play a prominent role in the area of Lebanese Saudi relations in the private sector.

It may be said that "liberating" the areas where bank branches and the bank's real estate are located was what made the transaction profitable for the buyers.

Saudi businessman, Mr Mahfuz ibn Salim ibn Mahfuz had previously conducted two transactions in Lebanon. He had purchased Toronto Dominion Bank and acquired the Diners Club franchise in Lebanon.

It is known that the Mahfuz family owns 50 percent of al-Bank al-Ahli al-Tujari al-Su'udi [The National Commercial Saudi Bank], which is considered the largest Saudi bank in the kingdom.

#### Carlton Hotel

4. [sic] Carlton Hotel: Negotiations are underway for the sale of this hotel, which is located on the coast in the area of al-Rawshah. However, these negotiations are still in an early stage, and there is a big difference between the price that has been offered and the asking price. It has been learned that the buyer is a syndicate headed by Saudi businessman, Dr Ghayth Far'awn, who owns most of the Hyatt Regency Hotels. There is also another syndicate from Hong Kong whose partners in Lebanon are the two brothers 'Adnan and 'Adil al-Qassar. The owners of Carlton Hotel were asking for about 200 million Lebanese pounds, but the buyers offered 85 million.

The negotiations include the building of the hotel that is operational and the building that is adjacent to it. This building has not been furnished after the addition of a lot facing it. With both buildings the capacity of Carlton Hotel is between 350 and 380 rooms.

#### The Vendôme Hotel

5. The Vendôme Hotel: Negotiations are underway for the sale of this hotel. So far all evidence indicates that the deal might go through. It has been learned that businessman, Mr Akram al-'Ajjah is the one behind the purchase. This is due to his close relationship with the two other individuals who have emerged in the course of the negotiations. They are: Prince Khalid ibn Sultan and Mr Rafiq al-Sa'id. AL-IQTISAD WA AL-A'MAL asked Mr Mazin Najib Salihah, one of the owners of the hotel, if the sale had been completed, and he denied that. At the same time he did confirm that negotiations were underway. It's been said that these negotiations are about the total price for the hotel, about 35 million Lebanese pounds.

#### The Bank of Beirut: Saudi Participation

3. [sic] The Bank of Beirut: Prince Muhammad ibn Fahd bought a 20 percent share of this bank after its capital was increased from 20 million to 50 million Lebanese pounds.

The importance of this stock purchase does not lie in its relatively limited amount as much as it lies in the fact that Arab investors have an interest in Lebanon and that it is possible that they will return to it after a lengthy absence. It is known that this stock purchase was the result of the personal relationship between the Saudi prince and the Lebanese businessman, Mr William Qazan, who owns most of the forementioned bank.

#### Al-Madinah Bank

--Al-Madinah [City] Bank: The well-known Saudi businessman, al-Shaykh Fahd al-'Adhl, owner of the Saudi SAL Trading and Contracting Organization became a principal stockholder in the recently licensed al-Madinah Bank. He owns 20 percent of the bank's capital, which amounts to 50 million Lebanese pounds. It has been learned that al-Shaykh Fahd will become vice president of the board of directors of the forementioned bank.

A large and varied group of Lebanese businessmen who work in Lebanon and abroad make up the other stockholders in the bank. The most prominent of these are: Engineer Ibrahim Abu 'Ayyash, al-Shaykh Butrus al-Khuri, President 'Adil 'Usayran, Deputy Fua'd Nafa', Dr Tanal al-Sabah, Mr Wafiq al-Nusuli, Mr Niqua al-Tarzi and Mr Fawzi al-Famand.

It's been said that a senior official may join the bank and assume the principal responsibility in it.

#### Port Emilio

Port Emilio: It has been learned that the Kuwaiti syndicate of Sabah al-Rayyis has recently purchased a 20 percent share of al-Manar Development Company, a

Lebanese joint-stock company, which owns the Port Emilio tourist project of Mr Emile al-Bustani. The amount of this transaction was 27 million Lebanese pounds.

The company intends to raise its capital to 60 million Lebanese pounds.

Operations in this project had slowed down in past months because of Israel's invasion of Lebanon and the financial difficulties that resulted therefrom. Recently, however, operations have been back to normal, especially after sufficient liquidity was ensured.

The Port Emilio project, which is located in the area of al-Kaslik, consists of 1,200 cottages, a hotel, a movie theater and other tourist facilities.

#### Emirates' Investors Request Security

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 43, Dec 82 pp 21-24

[Article by Yasir Hilal]

[Text] According to Mr Ghanim al-Mazru'i, chief of the Abu Dhabi [Investment] Agency investors from the Arab Emirates, like any other Arab investors thinking about Lebanon at the present time, are watching Lebanon with interest. It seems evident from what these investors told AL-IQTISAD WA AL-A'MAL that they are more than enthusiastic about returning to the market in Lebanon as soon as the last remaining obstacle is removed: namely establishing security and bringing about the withdrawal of foreign troops.

[Below] is a review of opinions held by the most prominent leaders of government investment and by some major investors in the private sector about investments in Lebanon and the expected possibilities for such investments.

Ghanim al-Mazru'i, Chief of the Abu Dhabi Investment Agency

--"We are watching the situation with interest, but we have not yet formulated any views.

--"We will go into Lebanon with considerable strength and with an integrated plan."

--"The Emirates will be the first to offer assistance."

Responding to a question about his view of the future of investment in Lebanon, Mr Ghanim al-Mazru'i, chief of the Abu Dhabi Investment Agency, who plays a principal role in planning the Emirates' investment policy, said, "A distinction must be made between two levels of the Emirates' contributions to the reconstruction of Lebanon. The first is governmental and is based on the foundation of the true fraternal feelings that His Highness al-Shaykh Zayid ibn Sultan Aal Nuhayan, the president, tries to translate into actions and concrete facts. This makes me confident that the Emirates will be the first to offer Lebanon, which has endured a great deal in the past [few] years, financial and other assistance.

"The second level of the Emirates' contribution to the reconstruction of Lebanon is that of investment activity which is based on a commercial, profit-making

principle, which is the subject [we are discussing]. I believe that Lebanon has a unique investment climate, compared with the climate in other Arab countries. Despite the destructive effects of the war on all levels it has retained many of the factors and incentives that attract investors. There is an appropriate infra-structure in Lebanon that can be developed in a short period of time to keep up with technical developments and new needs. Lebanon also has an administrative organization, and it provides major facilities. There is an extremely effective banking system in Lebanon, with regard to the number of banks or their performance. Despite everything that happened, total deposits at the end of 1981 had risen to about 30 billion Lebanese pounds. By the end of this year these deposits may amount to 40 billion pounds."

#### Lebanese Advantages

"There is also a factor that has to do with the nature of the Lebanese people: they are energetic and ambitious, and [these qualities] are combined with a high rate of literacy among the Lebanese and with the presence of highly qualified people in all disciplines."

The chief of the Abu Dhabi Investment Agency added, "The status of Lebanon as a significant financial center in the area may cause a growing number of Arab businessmen to concentrate their efforts on the financial sector, benefiting thereby from Lebanon's location as the point where east and west meet and from the experience of the Lebanese people. Their purpose would be to make deals with foreign businessmen or to use Lebanon as a base for becoming involved in projects in international markets."

"As long as we are discussing the investment climate and the opportunities that are available, reference must be made to the fact that all the factors and opportunities that have been mentioned make Lebanon a unique haven for investments. Lebanon does not acquire its credibility or its practical quality of being a haven for investments until the basic condition for any investment activity becomes available. I mean by that peace and stability."

"At any rate there are early signs now that stability and peace are returning to Lebanon. These early signs are encouraging, and we sincerely hope that they will materialize and become finally established so that investors can begin regaining their confidence in Lebanon. That confidence has been shaken as a result of the war and repeated setbacks."

#### The Problems of Arab Investment

Regarding the experience of Gulf investments abroad and possibilities for investments in the Arab countries, Mr Ghanim al-Mazru'i said, "There is no doubt that Gulf investments are concentrated basically in foreign markets, and the results realized by some investors may be unsatisfactory. It is known that that largely depends on the investment philosophy, on the objectives that are being sought and on the investor's awareness of and follow-up on market developments and activities."

"I believe that the Gulf states are encouraging and seeking the transfer of part of their investments to Arab markets, but this clashes, as is well-known, with the fact that adequate conditions for investment, and sometimes even minimum

conditions for investment, are not available. In our opinion it is not enough to say that a certain Arab country has enormous agricultural or mining potential if it lacks at the same time the infra-structures, utilities, roads, services, a flexible and an effective organization and appropriate investment laws, etc."

#### No Specific View with Regard to Lebanon

As to whether the Abu Dhabi Investment Agency has prepared a view or a preliminary plan of action with regard to Lebanon, al-Mazru'i said, "I believe that everyone in the Gulf has been following closely developments in Lebanon on all political and economic levels. There may be people who have begun making preparations for entering the Lebanon market. At the Abu Dhabi Investment Agency we think it is still somewhat premature to take any practical steps. We have not yet laid out any specific view, and this does not mean that we are overlooking Lebanon. We are rather watching what is happening with extreme interest, and we are maintaining direct communications with various influential figures. As soon as the only obstacle is removed, and that is the lack of stability, there will be no problem with defining the form and the areas of [investment] activity. It is known that the second question on the scale of priorities after security and stability are achieved must be the effort to develop and complete the regulatory laws that have to do with the investment process, such as the law [regulating] the ownership of property by foreigners, the tax laws and procedures and provisions for making investments in the various sectors [of the economy]. It is also assumed that an effort would be made to disseminate and clarify these laws for the purpose of familiarizing investors with their rights and duties in a manner that would preclude many confusions and problems. This matter is extremely important to us, as the Abu Dhabi Investment Agency, for example. For we will enter the Lebanese market with considerable strength and with an integrated plan in the form of long-term investments whose purpose is not to realize quick profits or engage in speculations.

"The private sector in Lebanon can play a major role in this regard, particularly since most businessmen and people who exercise influence on the economy in Lebanon are experienced. In addition, people in Lebanon's private sector have close business and friendly relations with Gulf and Arab investors in general. This makes possibilities for common action much easier."

Nasir al-Nuways, Director General of the Abu Dhabi Development Fund

--"A delegation from the Fund will visit Beirut early in the year."

--"Arab governments will offer assistance through the funds."

In an interview with Mr Nasir al-Nuways, director general of the Abu Dhabi Fund for Arab Economic Development Mr al-Nuways said, "Arab countries and Arab organizations that can offer assistance are waiting for the right time to extend that assistance to Lebanon, which has endured a great deal of tragedies on all levels. However, translating this general feeling into practical steps depends on completing the course of establishing security and stability.

"I believe that instead of one government offering its assistance to the other government, governments will offer their aid through development funds. They will offer aid through either the Arab Development Fund or through national funds so

that projects that would simultaneously benefit the government and the people can be implemented. The Arab Fund can play a major role in this regard due to its technical capabilities and its competent staff. This of course is in addition to the national funds which will not be lagging in offering their aid."

#### The Fund's Plans

Regarding the assistance plans of the Abu Dhabi Fund, Mr al-Nuways said, "When early signs appeared in 1977 that the crisis of Lebanon was being resolved, the fund took part in financing two projects in Lebanon.

The first project was that of reconstructing and repairing the electricity system and increasing the voltage of power transmission lines to the northern area. The fund contributed about 19 percent of the total cost for this project, which amounted to 143 million dirhams. The second project was that of deepening the fourth dock in the port of Beirut and building new piers. The fund contributed about 22 percent of the total costs for this project which amounted to 182 million dirhams. However, the lack of stability in security conditions did not help the completion of the two projects, which are still being implemented."

Mr al-Nuways said, "The Emirates is prepared to shoulder its responsibility toward the fraternal country of Lebanon. The Emirates is prepared to share all available resources for the reconstruction of the country. Therefore, the Abu Dhabi Fund has begun making preparations for its involvement in the reconstruction process. With the beginning of the year a delegation will be sent to Lebanon to consider on location with fellow officials [there] the means and areas of that involvement."

He added, "As far as the role of the private sector is concerned, Arab investors are fully aware that after Lebanon is finally stabilized, it will become a welcoming place for making lucrative and safe investments because the necessary incentives and facilities are available. In particular, Lebanon has a system for ensuring investments, and it has efficient and developing banking and administrative agencies that one does not find in many other Arab countries. [Furthermore], there are major opportunities for investing in industrial, agricultural and tourist sectors. At any rate, we are optimistic about the final restoration of calm and, accordingly, about the flow of necessary capital [into the country] because the only obstacle has been the unsettled security situation and nothing else."

'Abdallah al-Mazru'i, Director of the Abu Dhabi National Bank

--"Growth in Lebanon did not stop when the war was at its most forceful."

Mr 'Abdallah al-Mazru'i, the appointed member of the board of directors of the Abu Dhabi National Bank and member of the Federal National Council (the Council of Representatives) said, "I believe that the best service Arab countries can offer Lebanon [now] is 'to leave it alone for a while.' In other words they are to refrain from solving Lebanon's problems in Lebanon or at its expense.

"The Lebanese people are capable of carrying out the reconstruction of Lebanon and they can restore economic activity to what it was in the past because Lebanese individuals, organizations and agencies are competent. While the war was

at its most forceful, development in Lebanon did not stop, particularly in the banking sector and in the areas that are not directly affected by military events. Investments will also flow into Lebanon in search of lucrative returns. Banks will perhaps play a prominent role in this area."

Husayn al-Nuways, Businessman and Investor

--"Beirut will again become a financial and a business center in the region."

--"Beware of speculation in real estate and tourism."

--"Do we advance quickly or slowly: that is the problem."

Mr Husayn al-Nuways, one of the most prominent investors of the Emirates with experience in Arab and international investments, said, "The problem of investments in Lebanon worries me. It is not the principle of investing in Lebanon that worries me, since 'breaking into' the Lebanese scene is a foregone conclusion for any investor who realizes Lebanon's potential. But the question is when: is the time for investment now, or after tranquillity and stability are finally restored? Making a decision on that matter is not as easy as it may first seem to be because quite simply the process is one of choosing between small returns with little risk, if one waits, or enormous returns and firm future locations with greater risk, if one begins to invest before the total picture becomes clear in Lebanon. Regardless of my final decision I believe that the coming period, especially after tranquillity [is restored], will see a tremendous flow of Arab capital toward Lebanon. This capital will come from the government which is motivated by fraternal relations, responsibility and [a desire to] contribute to the effort to rebuild what the war destroyed; or it will come from private capital which will be attracted by available investment opportunities and generous returns [that will be possible] in an appropriate investment climate that is not available in the countries of the Arab homeland and sometimes not even in foreign countries. The Lebanese people are highly competent people, and they have a creative business mind. They are energetic, and they love to work. At the same time, there is in Lebanon a strong and developing banking agency. I believe that Beirut will again become the principal financial center in the Middle East region. It will become a center for major foreign firms whose experience in Greece, Bahrain and elsewhere proved that it would be difficult to do away with Beirut once and for all."

#### Opportunities Are Available

"What is increasing business opportunities is the fact that Lebanon today is a country that is almost starting from scratch in the aftermath of the wave of destruction that befell it. Opportunities will be available in all areas, even though I believe that the best and most attractive opportunities for Gulf investors will be in real estate and tourism. What we must guard against from the outset is the phenomenon of speculation in real estate and property. Such speculation would raise prices in an irrational and dangerous manner, particularly if we were to take into account the limited geographical terrain of Lebanon."

Regarding conditions he thinks must be available, al-Nuways said, "Lebanon has advantages and given conditions that rarely come together in one country. But if

we want to go into details, I believe that Lebanese businessmen bear the major responsibility for informing Arab investors--those with whom they have close relations--about the better opportunities for business by presenting to them their views and their projects. Gulf investors usually prefer to become partners with local businessmen in any country they go to for business reasons. It is also important for the Lebanese government to take measures that would facilitate the business of foreign investors. In particular, the Lebanese government is to establish one agency with which foreign investors can deal to solve all the daily problems they may encounter. It is no secret that the multiplicity of these agencies in some Arab countries and the fact that their authorities overlap has caused investors to stay away from those countries because business is delayed. Complicated measures often cause a project to fail, or they reduce its returns."

'Ubayd al-Shamisi, Businessman and Investor

--"Defining projects helps attract capital."

--"Lebanon is to regain its position and its vitality quickly."

Mr 'Ubayd al-Shamisi, one of the principal businessmen in al-Sharqah said, "Lebanon was one of the best areas for investment in the Middle East. It was the focus of attention of all investors and companies, and it was a center for financial and banking activity. I believe that Lebanon will regain its vitality and consequently its position and its role sooner than anyone imagines. Perhaps with many lessons and admonitions an investment climate which was basically suitable has been strengthened. Despite everything that happened this investment climate has not lost its principal components. Adequate evidence of this country's strength lies in the fact that the Lebanese pound is still one of the strongest currencies. The Lebanese people are determined to overcome all the problems that stand in their way."

Al-Shamisi affirmed that none of this eliminates or diminishes the danger of existing economic difficulties which Arab countries must pitch in to solve, at least by offering financial assistance and help in reconstruction operations. "With regard to private sector investors it is my judgment that they will direct part of their investments to Lebanon at the first sign that permanent tranquillity and stability [have been established]. This is due to the existence of major and varied opportunities; it is due to lucrative returns and to the availability of an excellent investment climate." Regarding what he as an Arab investor expects in terms and incentives, al-Shamisi said, "I believe that the Lebanese authorities in question are capable of defining and providing the best of conditions to attract Arab and foreign investments. It is more useful that people who are active in the country's economy and Lebanese businessmen take the initiative and present specific projects and integrated studies about existing opportunities. This would facilitate and encourage the flow of capital and investments."

Al-Haj 'Abdallah al-Mihirbi, Board Member of the Abu Dhabi Chamber of Commerce

--"The Lebanese businessman is one of the most successful businessmen."

--"I would welcome making ownership for foreigners easier."

Al-Haj 'Abdallah al-Mihirbi, a businessman and member of the board of directors

of the Abu Dhabi Chamber of Commerce regarded the restoration of tranquillity to be enough to set off the course of reconstruction and prosperity, particularly if the brunt of outside and internal pressures on this country were reduced. He added, "Lebanon can attract Arab and foreign investors considering, on the one hand, the investment opportunities in the country and, on the other hand, Lebanon's ability to play a distinguished role as a bridge between east and west. Lebanon can play this role because of its open economic system, its banking and administrative system and its people. And it is the people who are the most important [ingredient here]. The Lebanese people are dynamic, competent people. This is a fact I declare from experience: the Lebanese [businessman] is one of the most successful businessmen.

"It is these factors, in addition to the regrettable destruction and, consequently, the great need for reconstruction plus the willingness of most sectors to start again that is giving Lebanon these major investment opportunities. I believe that the areas of construction and tourism will be especially attractive.

"I am one of the Gulf investors who are making preparations to open branches for their companies or expand their activities in Lebanon."

He added, "Lebanon's continued adherence to its open economic experience and the restoration of tranquillity are two principal conditions for attracting investments. Out of caution, however, we add that it is assumed that efforts are being made to promote some laws, such as the ownership law for foreigners, which would govern and clarify all aspects of the investment process to prevent any confusion [that may occur]. I believe here that investors must have the opportunity to own property in a manner that would allow them to enjoy stability and realize lucrative returns, but this is not to be done at the expense of Lebanon's identity or its Lebanese character, if one may use such an expression."

Albert Matta, a Lebanese Businessman in the Emirates

--"Everyone is waiting for the green light."

--"Gulf people are more enthusiastic about returning to Lebanon."

Mr Albere Matta is one of the first Lebanese citizens who came to the Emirates to invest. He is one of the major Arab businessmen in the Emirates. He said, "Most Lebanese and Arab investors are experiencing a state of alienation as they wait for the final restoration of tranquillity and stability or as they wait for 'the light to turn from yellow to green.' The Gulf area may see an extensive reverse migration of capital, entrepreneurs and workers to Lebanon. Lebanese businessmen, however, ought to maintain their business activity in the region, first, because the Gulf area has been and still is a good and loyal friend of Lebanon during the days of its predicament, and second, because the Gulf area provides the natural depth for any Lebanese economic activity."

He said, "Gulf investors are most enthusiastic about returning to Lebanon. They discovered after numerous experiences that this country still provides the best field for their investments from the standpoint of language and climate and from the standpoint of suitable investment opportunities, which are strengthened by the existence of developing banking and administrative agencies. In addition, Lebanon's economy and its economic system are immune. Evidence for that lies in

the fact that the economy has not collapsed despite everything that has come about in the years of the war. It is enough that no Arab investor has suffered an actual loss in Lebanon during this period. Quite the contrary, we find that the prices of land and real estate have quadrupled or increased five times. Banks are realizing growing profits every year. It is this that is astonishing Gulf investors and encouraging them to return to Lebanon. This is happening at a time when Arab investors' investment experiences in Europe have been generally negative."

#### Arab Investors Did Not Realize Profits Abroad

"I can affirm that most Gulf investors did not realize real profits in Europe during the past years. In fact, sometimes they suffered tremendous losses for numerous reasons, not the least of which is the decline in the rate of exchange of all European currencies. These currencies now cost 30 percent less than what they did 3 years ago. The French franc now costs less than the Indian rupee. This is a fact that I know from personal experience. Despite the fact that I expanded my business to Cannes in France by building a hotel and acquiring numerous real estate there, the only source of my profit remains the investments I made in Lebanon and Abu Dhabi.

"What helps propel Gulf investors toward Lebanon is the fact that business opportunities in the countries of the region are limited. There was an attempt to use al-Manakh market to close the Gulf investment market, but that attempt failed and it had very grave consequences on the economies of the countries that were involved in it, such as the Emirates. However, one ought to make an exception of Abu Dhabi since His Highness al-Shaykh Zayid did intervene to prevent further involvement in this phenomenon. Al-Shaykh Zayid adopted a carefully considered policy for achieving growth and prosperity: strong and sound companies have been established in Abu Dhabi."

#### What Is Important Is Security

Mr Matta adds, "Arab investors want nothing from Lebanon but security, stability and the withdrawal of all foreign forces. I do not believe that it is necessary to enact any new laws to attract and encourage the flow of Arab investments. Existing laws are adequate, and Lebanon itself is the guarantor of these investments: it has a strong and free economy, and its laws, which provide equal protection for Lebanese, Arab and foreign investors, are flexible and respected. It is not the means for ensuring investments that we need to look for as much as we need to guarantee the departure of foreign troops. The best evidence of this lies in the fact that businessmen living in the Emirates sent their families to Lebanon at the first sign of stability [there] in the hope of joining them later.

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LEADING FIGURES DISCUSS COUNTRY'S EDUCATIONAL PROBLEMS AT UNIVERSITY LEVEL

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 293, 13-19 Dec 82 pp 38-46

[Interview with leading educators Fr Louis Buzih, Yamni al-'Id, Manaf Mansur, Nur Salman and Nadin Na'imah in round table discussion by 'Aqal Daud al-'Awit: "Arab Literature in Lebanese Universities, Favoritism and Plagiarism, or International Level?"; date and place not specified]

[Text] Since before the war, there has been an uproar over the level of the university diploma in Lebanon, especially the licentiate diploma and the doctorate in Arabic literature. Rumors range from professors writing reports about theses without actually reading them, and professors passing students for selective reasons, to rumors about students copying their dissertations, or parts of them, from the works of others, without reference to the source, and rumors about this or that professorial writer who suggests to such and such a student that he write his thesis for him. Some of them go so far as to confirm that the professor volunteered, for some "contribution" to write a portion of the student's thesis.

Old rumors from before the war have been increased by the horrors of the war and its material and spiritual terrors. The decline in the standards of our universities, during the last few years, has reached a point where theses deal with almost any subject, and any author, with any degree of foolishness or viciousness whatsoever. On the other hand, despite that, there is some defense of the university diploma and standards in Lebanon, and insistence that the decline occurring in university standards abroad, in France for example, is greater than here.

What is the truth?

Regarding these matters, we brought to a round table some officials and professors from universities: St. Josephs, Father Louis Buzih; Lebanese University, College of Literature, First Division, Yamni al-'Id; College of Literature, Second Division, Manaf Mansur; College of Education, First Division, Nur Salman; American University, Nadim Na'imah. The following interview was conducted in our offices before the appointment of Dr. Manaf Mansur as press advisor to President Amin al-Jumayyil.

[Question] We note that there are shortcomings in programs and curricula

affecting the academic community, especially laborwise, and that there are shortcomings in the study of Arabic literature, both ancient and modern. This deficiency includes the methodologies themselves that the universities use, and affects the creativity within the entire body of Lebanese culture. What is your view?

[Answer] Fr Louis Buzih: The question is very broad. The role of the university in these circumstances is like its role in any unrestrained circumstances at any time or place. The circumstances under which we live affect the students, professors and family atmosphere. As regards our situation, we are refugees, far from the traditional campus. We suffer from many difficulties, students, faculty and administration. Dividing the city into two parts made these circumstances even more difficult than they were before. Naturally, we are trying to overcome these difficulties. We will overcome them, since we do not want to abandon the university's well-known role. On the contrary, we are trying to develop and improve it.

Nadim Na'imah: I don't claim to be an expert about university issues in Lebanon. I can speak in my capacity as a professor in the American University, where I have had the honor of chairing the Arabic Department since the beginning of this year. When I discuss the issue of the university and the studies therein, I am talking about some of the things we are doing in that university. In my view, the university's role is to prepare the students in various specialized fields, not just to lead them to well-known basic facts in various fields. The university's role, to a great extent, is the role of specialization. Its job moves along two levels. On the one hand, its purpose is facts and leading the student to them. This should be considered the constant level. The constant is the basic facts. This is the role agreed upon by universities in every time and place. It is their basic role. Then there is the role of stimulator. Here the universities differ from one country to another, from one area to another. The stimulator role is the university's ability to strike a balance between the lessons of its specialty and the demands of the milieu in which it exists, or the country in which it is located. I believe that we have no university problem, at least at American University, with respect to the established role.

[Question] There are those who feel that the role of the universities generally does not lead to stimulation.

[Answer] Nadim Na'imah: The stimulator role is tied in with response to environmental needs, and because the milieu in which we are is unstable, and changes within it are faster than they should be, the disorders--and there is no need for us to give proof of this--negatively affect the existence of this role. The university sees itself as a stimulator in one field or another. If it decides to be in agreement with some issue or other, it might see itself as being compelled to divert its attention from it after awhile. Being officials, governments and administrations, requiring the ability to define what they want, to define the needs, increases this difficulty. The university's problem is in the principle of motivation, not in the principle of the constant.

## The Incidents Have Exposed the Universities

Manaf Mansur: It might be fair to confine any statement about the role of the universities to the time of, and subsequent to, the incidents. The university's role, in the absolute, brings the discussion into the field of drawing parallels, since the assumption is that we should face reality and that our starting point for dealing with it, and for finding a new solution to the problem, will enable us to propose various academic endeavors here and there.

[Question] Current university problems have existed since before the war and are deeply-rooted in the university essence, both structure and role.

[Answer] Manaf Mansur: Talking about the problem of the university now is addressing the university's problem before the incidents. The incidents exposed the universities, as they exposed many structures, which were overseeing the preparation of Lebanese society. I believe that the role of the universities active on Lebanese soil is to aid and rescue the Lebanese person, after a wide-spread breakdown of values. The stage of destruction, in which we live, resulted from man's lack of direction toward his reality and the truth of his heritage and origin. He was blindly open to all literary and intellectual trends and directions, in addition to the anarchy that ruled all other sectors. All of this shared in obscuring vision. Therefore, I believe that the university's role is not only in serving knowledge, but rather, in employing this knowledge in the service of mankind. If the university does not serve man, who will? The Ministry of Labor or the Ministry of Post? I think that the role of the university at this stage can be summarized by three points of departure: to revitalize the heritage, to learn about the experiences of others, and to extend the interaction and integration between our origins and the wealth of other heritages. I cannot understand the role of the Lebanese universities as being outside Lebanon's role domestically and regionally. I want to stress that what pains me is the retreat of the university rostrum from this role. Both American University and the Jesuit university have played a big apostolic role for 100 years. I believe that reality is where these two universities are now (I am not talking about Lebanese University, because it did not exist at that time.) In addition, the hesitancy which Lebanese University is experiencing is a sure sign of Lebanon's withdrawal from its role. It is inconceivable that Lebanon is just a connecting link for the passage of "goods;" indeed, its role is to extend a civilized and unique dialogue among the inherited, humanitarian essences, in addition to extending a dialogue between the east itself. Lebanon's role is in crystallizing culture. What are the university studies that are increasing here and there? What are these studies compared to this aspiration and desire? Everything we see regarding curricula and the pursuit of education is that the game can be summarized as follows: we study in order to teach. All of our role can be condensed into teaching students so that they can become teachers. The university has become a place for teaching and has abandoned its role as a laboratory for cultural interaction. The College of Literature within the Lebanese University is a college of lectures and stencils. I cannot be convinced that someone who was unable for 30 years to come up with a distinguished literary plan for the

College of Literature could today offer notable studies and research worthy of study. The research which we find is research done on the basis of summarization and compilation. I emphasize the withdrawal of the university from its role at the present stage on the teaching, research and activities levels. However, there remains a shining light in Lebanese University's College of Sciences.

#### What Culture Do We Want?

Yamni al-'Id: The fact is that I want to add an observation about this question and its ramifications, and about my confusion regarding the pursuit of creativity. There are questions within questions: the role of the university in the present stage, the pursuit of creativity, programs and curricula, advanced specialization, defects in the study of ancient and modern literature, the desired methodology. There are several matters, with respect to which the role of the university in the present stage gives me pause, since I believe that another question should be added: What university do we mean? The role of any university is tied basically and radically into the role of culture in the country. If we identify which culture we wish to live in, we can clarify what role the university plays or that it should play. So that my words do not remain general or obscure, I think it best to take another look at what preceded the current stage, in order to quickly review the university situation in Lebanon, which was given a boost by both the Jesuit and American Universities, since they both have a history and have had an impact on this country and its culture. The Lebanese University's role has been limited to certain branches. It has graduated citizens who bear a national identity and democratic ideas. Why is it limited to certain humanitarian sciences? Is it a matter of resources, or are there other matters with a relevancy to this situation?

Shortly before the war, we noted that the university represented a fundamental principle, which was to graduate teachers, intellectuals and scholars. The war concentrated on destroying this needed structure. The truth is that the rest of the universities suffer from it as well. Can they continue in their previous role, or can we restore this role to them? In fact, I cannot answer this question, until all of us clarify that kind of education we want in this country. Along with my certainty that the academic role is important, I think that any role cannot develop or grow, unless it has some connection with life, as Dr Na'imah indicated through the terms constant, established role and stimulator. We cannot divest any organization of this living role as stimulator. Therefore, do we want an open, democratic culture, in which various intellectual trends are encountered, or do we want a controlled cultural system, in which there is only one intellectual view? I believe that the academic life of the university is connected with this intellectual and cultural liberality. With regard to curricula, I believe that there is a kind of continuity as before, and that a new growth will enter the university, despite all the tragedy, towards developing modern educational programs, ways of study and methodological research. The truth is that there is an imbalance, but it is a natural imbalance, by virtue of the imbalance existing in the state of the country. The state of the university is subject, to a great extent, to the general cultural and social situation.

## Theses Without Direction

[Question] We shall try to summarize the problem: We shall take into consideration the current stage, but we shall take a comprehensive look at the university, in terms of the nature of its existence and the diversity of its work. To what extent does the university, any university, practice the teaching of ethical values, which is basically its role? To what extent does the university exceed the limits of rote teaching? In terms of programs, curricula and higher specialization, we see that the university, if it teaches heritage, teaches it in a perverted and partial way, or by rote. If it teaches its development, as a kind of phenomenon of modernity, it also deals with it in a perverted, blind and rote-like fashion. Here we get into the subject of studies, papers and theses. Regarding this subject, one must stress the imbalance. These studies suffer from an absence of direction, an absence of coordination within one university and among all universities, and an absence of cultural standards by the students and, sometimes, by the professors, in addition to the factors of passing and connivance.

[Answer] Fr Louis Buzih: I am from the Department of Advanced Studies in Arabic Literature in St Joseph's University. I question whether we would make progress in our work merely by educating teachers, in order that we could turn to a stage of creativity. I reject this dichotomy between creativity and teaching. I don't see a conflict between the two. The university's role before all else is to train teachers.

[Question] For unemployment?

[Answer] Fr Louis Buzih: The problem of creativity has not connection with unemployment. You might have a large number of creative people, but they cannot find a market for work. The question is, can we carry out a creative role in our university. I can answer that boldly and clearly: yes and no. One cannot say that our university level is low. In the past, the university has played a creative role. It does not sustain the complete creativity that all of us crave for, but that is easy to talk about the difficult to achieve. We are trying to establish partial creativity. I can mention studies that have been made about analyzing literary texts in the Arabic language.

With regard to the methodology of teaching Arabic, I think that you can understand the extent of our preoccupation with this discipline since the days of Fr al-Dur. Today, we are preserving this heritage of our university. This creativity might be partial, but it is very important. I think that many of the difficulties, which we face on the university level, do not stem from the university itself, but rather, from the levels of teaching before the university. I think that anything that called attention to elemental and secondary education (with respect to teaching language to children, and then to teaching Arabic literature on its various levels and analyzing Arabic texts) would have the best results on the university level. If there is one field in which one could work to establish creativity in the future, the emphasis should be on pedagogical education for the teaching of Arabic, the analysis of texts and a reconsideration of ways to teach literature.

### Complainats Regarding Very Good

[Question] We are not talking about a dichotomy between creativity and training, except when it is training and not creativity. Then, what is the position of the university regarding the results of some studies, negative or positive?

[Answer] Fr Louis Buzih: I find it strange, and I must complain not about low grades, but about good and very good grades. Its professors, or rather some of them at times, you can find a professor who enjoys the leadership of creative supervision. This creative spirits spontaneously distributed among the professors. As regards the large number of graduates, no doubt some of them submitted deficient studies, which were accepted in the past. Here I pose the following question: What is the standard by which we can judge whether a study is good or bad? The standard differs with a person with regard to principle, and it varies from one university to another. However, in our treatises and theses, what equals the international standard in France, or in the rest of the nations? There is a great deal of subjectivity in judging theses, because success is connected with the supervisor, student and members of the examination committee. All this creates an atmosphere that is difficult to escape from, in order to express an conclusive and fair judgment. I think that, since I assumed responsibility, I have tried to emphasize to professors in the university to pursue the creative role. Here, let me say that we do not have enough professors. We have been denied the assistance of many. This has had its general effect. As regards the level of advanced studies, we have graduated a large number compared to the rest of the universities in Beirut. I say that with all modesty. This large number has exposed us to criticism, because the ratio of failure was larger than other universities. We issued a letter about this situation, which was characterized by objectivity and realism, since it deals with university activities. I think that you would find both negative and positive. You can find shortcomings that will appear of their own accord. Certainly, we graduate teachers to do something for which we must find a measureable standard, but this standard is difficult to find. I think that we have made valuable progress. We have graduated some who are teaching in Lebanese University and others. They are creative people. With regard to the rest of the universities in the world, especially regarding foreign students, many of them accept standards that are considerably lower than our level. I am not talking here about some of the studies that have been published in France by people who did not write or author them. If some of the theses submitted to us suffered from some shortcomings, most of them could be defended if there were a trial.

Manaf Mansur: The problem is not in the abundance of bad research, but rather, in the rarity of good research. The problem of putting out a lot of research is a problem known to all the universities of the world. I think the problem is that we don't run across three good theses out of every 200.

Fr Louis Buzih: That is exaggerated, inflated and erroneous.

Manaf Mansur: I am not talking about St Joseph's specifically; I mean universities in general.

#### Literature Graduates, Unsuccessful Specialists?

Nadim Na'imah: The university, by virtue of its being an organization, is eager for methodology and scientism. I don't have enough data to put my finger on what the university is complaining about. I think that the university is for the elite, and I don't mean the wealthy or the prominent family, but the elite in terms of the student's ability to comprehend, think soundly and his desire to work. The American University uses a selection system which begins on a broad scale, and then narrows when it comes to the doctorate degree. The student should have a bachelor's degree, but this diploma alone does not qualify him to apply. It is a diploma that basically requires him to be able to do research. From among those who have a bachelor's degree, we chose a group of the applicants whom we consider to be the cream of the crop. The sifting, which is done in various stages, BA and MA, is done to ascertain the ability to complete research, since we think that some of them are not on a level that would enable them to continue. The sifting is to learn whether the students are able to originate scientific research. Those who continue on after the MA stage are a very small group. We made it a condition for the student to continue that he contribute something new. This is what you called creativity. The student must participate in creating something new. In any case, you cannot ask for creativity from a person who is not creative. Accordingly, we continue to sift in order to reach this summit. We have been in Arabic literature since 1964, and we have only graduated five students in the doctoral program.

[Question] This small number raises a big question mark.

[Answer] Nadim Na'imah: Those who are able to be creative are few in number. Our basic problem is that the schools that prepare the students consider that each failure in mathematics and the sciences should transfer to literature. Therefore, because of this, literature graduates are looked on as unsuccessful specialists. This is what ought to be dealt with.

Yamni al-'Id: I believe that the methodology, about which Dr Na'imah spoke, has a specific intellectual horizon and a specific view of culture. When he referred to selection not being done on the basis of the social level, his reference was indirectly incorrect. Why? Because the university man is a man of a specific class. He is a graduate of a specific secondary school. He was a student in a specific situation that allowed him to go into secondary school. This selection exists within the society. It is a selection against those who are unable to pay for education. The baccalaureate degree is a secondary degree. It is a license to legally enter any university. If the baccalaureate does not grant entrance, the objection is to the diploma and to the type of secondary education. Let us improve the conditions of secondary education, and then we can talk about a university standard. When we devise just conditions, students within their capabilities can continue or not. Within such a methodology, creativity is difficult, because when we narrow the entrance to university education with this social sifting--and I am not saying academic--this means that we are denying some raw talents

that could be qualified to bring new abilities to this pyramid. Why do we believe that those who fulfill those conditions are the only ones with a legal claim to creativity? I believe the contrary. The problem is in not expanding the base.

#### Dominant Accumulativism

[Question] I think that you are getting off the academic subject--the essence of the problem--because you are without doubt referring to an important social problem. However, it is not the subject of our discussion. Let's get back to the subject, since we are dealing with an abundance of non-creative accumulative studies, as if the goal were to obtain the diploma more than to carry out quality research.

[Answer] Yamni al-'Id: The truth is that accumulativeness overwhelms education. Accumulative education is our problem that extends to the problem of creativity. We reward accumulative studies with a very good, which means that we encourage such studies. When we don't teach the student to raise a problem and deal with it out of a broad human culture and heritage, not in order to accumulate the two, or communicate the two or repeat the two, how can he be creative? Such accumulation exists in the Lebanese, American, Jesuit and Arab universities, and in the Sorbonne. Creative education is the product of knowledge, not an accumulation of information. The production of knowledge requires an idea, which surfaces a problem. What is the problem I am dealing with; how can I use the inherited and human information, so that I can produce knowledge? Without achieving the methodology, accumulativeness remains dominant over our education.

Nadim Na'imah: I will not appoint myself as a defender of the university. I am speaking for myself personally. However, I understand some of what our colleague says, and some of it I don't understand. For example, expansion of the base...

[Question] This is outside the sphere of our concern now...

[Answer] Nadim Na'imah: Creativity cannot be obtained except through a sifting policy. The sifting is done in many stages. Manaf Mansur: Creativity is now widespread. The university's duty is to create new circumstances for creativity, such as offering commensurate opportunities and excellent conditions, so that creativity will gush forth. We have set up programs through compromise. We have made students successful through compromise. We have appointed professors through compromise. We need a bold and decisive position to end compromise deals and declare the start of a new nation.

#### The University...and Plagiarism

[Question] I think that this is a problem in all universities. The important point is to learn ways to overcome it.

[Answer] I am speaking generally, and I would like to note that I do not

mean any specific university. If a specific university felt that I intended it, what did I do wrong? What is required is a position capable of creating a new educational situation, in order to create a new person first and a creative person second. This stage has exposed the hidden falseness of the past on the social academic and cultural levels. There is a feeling among the people of a terrible lassitude, which has brought the spirit of plagiarism into the university. Plagiarism is personified in students who submit theses, in which they copy the works of others. If there is a minimum of virtue, the student refers to the author, but cites 20 pages on the basis that so-and-so says. If there is a minimum "framework", this student takes someone else's work without referring to that in addition to dealing with subjects that have already been dealt with. The spirit of plagiarism has spread among certain professors. I don't mean professors as a whole; I have a great a great deal of respect for some of them. As for some others, when they discuss a thesis, they have only read the introduction. Some of them "confiscate" theses for 10 months, so that they can return to the university, bringing a one page report with them. We know that the thesis was not read, because the report is correct in each time and place. This situation was brought on by favoritism. Here is a professor, who "lets pass" the things that he wants to, works to make a student successful in his doctorate, because this is a student who will become a professor and who will vote for him in "the battle" for head of department. Also, a card from a clergyman, or even the chauffeur of a clergyman, carries a recommendation for a thesis. It is a letter in the marketplace. A thesis that was copied and submitted, as if it were nothing. Aside from theses, there were masters theses accepted as doctoral dissertations. The author of the thesis was brought to discuss this dissertation-thesis in one of the universities. I say that this certainly confirms the existence of favoritism, not ability.

Regarding the academic level which is hardening the problem, I feel that the problem is a problem of a professor. The influential professor creates major research. Unless there is a senior professor, the attempt is a joke. Professors (and I don't mean all of them) do not have a distinguished literary identity. We are still teaching literary history, not literature. The students know that they begin their studies with the biography of the author, his life, works and other superficial matters. Studies about his literary aspects are very few.

[Question] Is there an absence of literary criticism and deep analysis of the texts?

[Answer] Manaf Mansur: One cannot study literature except as a science. It is not a social document, but the problem may be within the methodology of literature. The problem is that the theses rarely aspire to this methodology. Some professor or other wrote a study about Ilyas Abu Shabkah. Along comes a student who deals with this same subject, stealing observations that that professor wrote, who is too hampered by a heavy workload to investigate. The spirit of plagiarism is rampant everywhere. We said: AL-KHUTBAH is forbidden in the university, as well as AL-'AMALI. However reality imposes that. On the other hand, we are experiencing a serious problem in the East, with the oriental spirit, which is latent in "academia," i.e., which

makes it an academic spirit. The oriental spirit, residing in the metaphysics, plays the role of a terrible desire. We take the western academic curriculum and apply it against a spirit residing behind other things. The experience of our beliefs, emotions and spirit are being programmed within principles that we have not authored.

[Question] One cannot accept this justification for the absence of methodology. However, you note that the Lebanese University does not pursue its role, despite its being the broadest meeting place for Lebanese youth. What can we do to get the national university to fulfill this role?

[Answer] Manaf Mansur: With all responsibility, I say that the university has begun to make progress through the books and works that young professors in all of its colleges are publishing. The Lebanese University does not have a rich history. It is not fair to look at the Lebanese University in the same way that we look at American University and the Jesuit university. When the Jesuit university opened its doctoral department, it had help from professors from the Lebanese and American universities. By virtue of the accumulation of social, academic and cultural reasons, we began to graduate signed diplomas and not doctorates. The concept of the doctorate has changed. It has become the start of specialization.

#### The Rank System

Nur Salman: I am a professor, but I don't have any administrative responsibility. I would like to ask AL-NAHAR AL-'ARABI WA AL-DUWALI to continue to hold these forums, so as to examine the entire education issue. I believe in progress, and the gains from university are not restricted to students. On the contrary, it ought to include the professors. In Lebanese University, there is a system of ranks for professors. There is the tutor, then the assistant professor, and then the professor. These ranks have not been translated academically on a down to earth basis. Defects exist to which AL-NAHAR AL-'ARABI WA AL-DUWALI has referred.

When you apply a system of ranks, you say to the teacher: You must be trained and work as an apprentice within a labor situation. Thereupon, I would understand that the major lecture will be given by the senior professor. Then the tutor will deal with the lecture with the sections of the class, on the basis of discussion and application. At the Lebanese University, we apply a rank system for pensions and years of service only. I agree with this method; there is no shame for a teacher to begin as a tutor and then progress.

With regard to studying literature, I see two stages, before the doctorate and during it. At the outset, the student ought to be trained to do scientific research. When we ask someone to write a thesis, the most important point is to maintain the methodology. We must train the student, before the doctorate, on the scientific, academic methodology, and not just on searching the bookshelves. The one whose hand shakes, if he steals, this means that you not only did not create scientific research methods, but rather, personal research methods as well, based on scientific truth and humility.

[Question] This is where the responsibility of the supervisor lies. Where on earth does this responsibility come from?

[Answer] Nur Salman: I am talking about supervision. I will not discuss anyone specific. I am talking in principle only. I will never understand a tutor, himself not long from his graduation, assuming the important job of supervising a thesis. I don't understand nor accept that. I insist that the senior professor produces the major work, as Dr Manaf pointed out. Supervision is not the same as the referee's work in a football game: blowing a whistle when the ball goes out. Supervision includes the responsibility of selecting the subject, as well as commitment and competency. In a university meeting, I told an official: I am unable to supervise 15 theses simultaneously.

Manaf Mansur: What would you say to supervising 40 theses simultaneously.

Nur Salman: One colleague answered me: Why not? I took up my papers and left.

Supervising 15 theses is supervising the downfall of 15 people. The professor is the one who assumes supervision. His responsibility is a true partnership, not just to correct a detail or a point. He must share in picking the subject. If he is unable to take part, and it is not within his jurisdiction, let him be courageous and tell the student and the administration: I cannot. There is nothing wrong in the situation of the university asking help from a professor from another university. One of the scientific research methods is that the thesis would not deal with the subject of an author, with the author himself supervising it. A professor supervising a thesis, of which he is the subject! This is nonsensical. For example, 3 years ago a master's thesis was submitted to me, at 8 o'clock at night, through a messenger who requested, at the wish of the head of department, that it be discussed at 9 o'clock the following morning. What do you think? On the other hand, the subject proposed to be dealt with ought to be new, i.e., not previously studied.

[Question] There are subjects that have been dealt with more than once, even within the same university. This results from an absence of coordination and effective supervision and control.

[Answer] Nur Salman: This is a blow to creativity, because creativity exposes the truth or reveals a new aspect of the truth. I believe in using research, not just to put it on the shelf. Who is in charge of printing and publishing it? The assumption is that it is turned out for authors, writers, translators, critics and educators.

[Question] Gentlemen, professors, do you have any solutions to propose?

[Answer] Nadim Na'imah: We have not dealt with the issue of curricula as it ought to be. I think that the methodology followed allows the uneducated to reach the doctoral level. Programs are not planned in such a way as to

enable us to turn out an educated student, capable of handling a topic from our heritage and deriving what could be considered valuable in terms of the world's cultural level. The supervising professor, no matter what his efforts, cannot achieve anything if the student has not been properly educated through his formative years. Yamni al-'Id: The worlds are lovely, but not realistic. We talk about methodologies. This is legitimate and natural, but I want to get down to earth. The College of Literature does not have a building, nor any windows, nor a library, not a loudspeaker. How can those problems be raised that are so far from tangible, material reality? On the other hand, there is a professor who holds a doctorate. We ask, how did he get it? We don't know. I hear reports, how true they are I don't know, about students who go to France and pay someone to write their thesis for them, which they submit for discussion. They then return to the university, which classifies them as being in the top group, gives them the right of supervision. They have not written a thesis, nor done any research, nor do they know anything about methodology. You ask me how I would solve this problem? It is a bigger problem than we as professors. It is tied in with the condition and fate of this country. However, within this situation, I want to hope and imagine that the College of Literature contains a group of academically excellent professors and an excellent curricula, especially in French literature. The question is, why not push this matter to the forefront? Why not open the doctorate in the College of Literature, so long as there were professors in the Lebanese University to supervise the doctoral theses in the Jesuit university. I suggest reconsidering and reorganizing the university's affairs, in order to give it a democratic dimension and to establish representative councils to deal with university problems from within, not from without.

Nur Salman: I agree with giving the College of Literature the doctoral program, but the ratio of numbers of students to us is larger than the ratio of students in the Jesuit university. It is impossible to ensure a sufficient number of doctorates beforehand. I ask that research in Lebanese University be concentrated on the writing of theses and dissertations, and that they be supervised in coordination with the central research office in Lebanes University.

It is not necessary for the professor who gives the lecture to supervise the thesis. I call for a policy to guide the research for each college. Therefore, the selection of research topics ought to be tied in, to some extent, with the goal of the college and its role and nature. I demand that the preparation of a thesis be by those who are skilled and competent. There is nothing wrong with the professor who supervises modern literature subjects saying that he is not competent in them. Manaf Mansur: The university professor has no right to make a mistake. He does not have the right to expect someone from the other sectors to save the university. I believe that the problem is not in organization. In any event, the organization reflects a specific mentality. I say the question is one of mental attitude. What is needed are university professors to maintain a minimum of self-resistance in the face of the temptations of the emergency situation and its pressures. After that, we request another look at current methods of university instruction. We ask for reconsideration of the curricula, which

is currently teaching everything but the heritage of Mt Lebanon and Mt 'Amil. Why not teach the legacy of the coast, the north and the Biqa' Valley? Then we would request creating a university research center to work to get the university out of its teaching rut, in order to pursue creative literary activities. The research center must watch over two forms of research. The first would be research done by the center itself, pursuant to a conscious policy aimed at clarifying and enriching the heritage. The other form of research would be the free choice of scholars. It is a problem of university education in Lebanon. Therefore, I call for cooperation and integration among the universities to overcome this problem and make progress toward a new horizon, because I am convinced that the problem fundamentally remains a professor problem. The College of Literature must strive to provide facilities for the university professor to enable him to keep in touch with the research and creativity being accomplished in Arab and world literature, in order to keep the professor in tune with the modern age.

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PROSPECTS FOR CONTINUED ECONOMIC GROWTH REVIEWED

Beirut AL-IQTISAD WAL-A'MAL in Arabic No 43, Dec 82 pp 44-46

[Article: "The Saudi Economy during the Stage of 'Oil Glut'"]

[Text] The great decline in Saudi oil revenues and the increasing tension in the Middle East and the Gulf have recently brought a number of questions to the fore concerning the kingdom's ability to continue to spend on development projects, defense requirements and other political commitments in the regional and international frameworks without facing financial pressures or resorting to the disbursement of a portion of the investment revenues and foreign assets.

The following article presents the issue in its various aspects and shows that the current short-range difficulties will not have serious repercussions on the economic course and role of the Saudi kingdom.

Work on the comprehensive industrial development that Saudi Arabia is engaging in in the context of the third 5-year plan (1980-85) is progressing satisfactorily. It may require the expenditure of \$236 billion over the years of the plan, but, in view of the plan's great reliance on the financing from oil export revenues, the retrenchment in revenues, alongside the retrenchment in production and the decline in world prices, have lately raised a question on the possibility for continuing the execution of the third 5-year plan in accordance with the stipulated program.

What is the current situation with respect to oil production and revenues from oil exports in the Saudi kingdom?

The Oil Sector

The latest oil production figures that have been received show that Saudi Arabia's production dropped from 10.4 million barrels a day toward the end of 1980 to 5.7 million barrels a day in October 1982 - that is, less than the share allotted to it by the OPEC organization, which is 7.15 million barrels a day.

Predictions regarding the oil market for the next 2 years indicate that the production of OPEC organization countries will stabilize within the limits of 18 to 19 million barrels a day and that actual oil prices will not rise above their current level - indeed, they may perhaps register some decline, if economic growth is not realized in some oil consuming countries and if some OPEC countries

like Nigeria, Libya and Iran continue to break prices and the production ceiling at a time when the producing countries that do not belong to OPEC, such as Mexico and Britain, are continuing to market their oil at below posted OPEC prices.

#### Expected Repercussions

In the light of this present oil market perspective, one might ask about the effect of the retrenchment in revenues on Saudi development and defense projects, in addition to the kingdom's current foreign aid commitments.

All available information indicates that the present stage of recession in oil and the decline in revenues might not forcefully affect the kingdom's future projects or the level of economic activity in it. A number of factors lie behind this conclusion, some with a short-term effect on Saudi Arabia and some with a long-term effect on it.

#### Short-term Factors

In the short range, the following factors must be taken into account:

1. The declining oil revenues are still sufficient to meet current requirements.

The latest decline in oil production and the possibility that this decline may continue will lower oil revenues, but this drop will not represent a burden on the kingdom's revenues. One should bear in mind that it is expected that there will be a drop in 1982 oil exports [revenues] to about \$70-75 billion, that is, far less than the \$115 billion realized in 1981.

2. The continuing nature of economic growth.

A report comparing the economic achievements realized throughout the world shows that the Kingdom of Saudi Arabia has realized the best results over the past 5 years.

It is expected that gross domestic product will come to about \$149.5 billion in 1982, as compared with about \$135.05 billion in 1981 and about \$116,167,000 in 1980. It is also expected that the rate of actual economic growth in 1982 will come to about 4 or 5 percent, as compared with 12 percent in both 1980 and 1981. It is also expected that per capita national income will come to about \$17,000 in 1982, as compared with \$15,700 in 1981 and \$13,900 in 1980, stressing the continuing nature of economic growth, in spite of the decline in oil production and the drop in oil revenues.

3. A stronger push toward economic diversification.

The process of economic diversification and the reduction of the kingdom's reliance on its petroleum revenues is continuing. The third development plan (1980-85) is aimed at expenditures of \$236 million [sic] on development projects. The plan is centered on the development of capital intensive industries that use oil and gas as raw materials and a source of energy at the same time. It is also aimed at increasing the refining capacity that currently exists and developing oil industries. The main portion of the plan is embodied in the construction

of industrial complexes in al-Jubayl on the Gulf and Yanbu' on the Red Sea, which consist of petrochemical plants, refineries, a fertilizer plant and iron and steel industries.

The plan also aims at developing the agricultural sector in a concentrated manner, in the quest to raise productivity and reduce reliance on imported food-stuffs. In this sphere, the plan includes research and experiments on new types of seeds and technology, the establishment of agricultural cooperatives, modern irrigation projects and training centers.

In addition, the plan is aimed at improving the transportation system, in addition to municipal and social services, including the development of educational and technical skills in the local workforce. So far, the government has not declared any intention to lower the level of its spending on the development of the projects mentioned above, and the prevailing trend may be toward the reduction of spending on projects which are not basic to the development of the Saudi economy and its productive capacity.

#### 4. A sound foreign sector.

In the framework of the foreign sector, it is expected that the kingdom will continue to realize a surplus in its gross balance of payments.

The kingdom's revenues from exports, mostly oil and gas, witnessed a substantial increase in 1981 because of the high rate of production, which guaranteed revenues within the range of \$120 billion. In spite of the tremendous volume of imports required by the needs of development and the great consumption of imported goods, it is expected that the Saudi trade surplus will continue through 1982.

The current accounts shifted from a deficit of about \$212 million in 1978 to a surplus of about \$44.6 billion in 1981. However, it is expected that the surplus will fall from \$5 to \$6 billion in 1982. The current accounts surplus has enabled the kingdom to play an effective role in the financial area, locally and internationally, by providing support for Islamic countries and oil-importing developing countries. It is not expected that the drop in oil revenues will prevent the Saudi Kingdom from holding to its international commitments, but it may dictate a more selective policy in this field.

#### 5. Foreign reserves.

The Saudi kingdom's foreign reserves are sound, indeed abundant. Although the real amount of these reserves is not known, it is estimated at about \$180 to \$200 billion. The volume of the reserves increased palpably during the last 3 years; this began, in practice, in 1979, when oil prices experienced a great rise, and it continued in 1980 and 1981 as a result of the constant increase in oil prices and high production. The Saudi Monetary Authority (SAMA) has invested in foreign holdings, especially short-term assets, in the United States, Britain, Japan and West Germany. The diversification of these holdings increased in 1981, and the income from these investments was estimated at perhaps more than \$10 billion that year.

The kingdom's foreign holdings, and its annual income from them, enable it to avoid the financial pressures that might arise from the fall in oil revenues. This income could be considered the equivalent of an emergency reserve that one can resort to in case of need.

#### Long-Term Expectations

In the long range, the future of the Kingdom of Saudi Arabia seems prosperous, relying on the following factors:

1. It is expected that the non-oil sector will increase its contribution to gross domestic product when the returns from economic diversification start to appear.
2. In the context of the oil sector, three factors continue to work in the kingdom's favor. These are: One, it has the greatest oil reserves in the world; these are estimated at about one quarter the world's oil reserves. Two, the costs of producing Saudi oil remain much lower than the costs of production in other regions, such as the North Sea and Alaska. Three, it is expected that oil will remain an important source of energy, meeting the requirements of an important part of the world during the next 15 to 30 years, and thus the likelihood for the long range seems good and reassuring.

#### Summary

1. The Saudi economy will not be forcefully affected by the current state of recession in the world oil market and the tangible drop in oil revenues. It is expected that oil revenues will reach \$70 billion by the end of 1982, that is, less than the level of revenues for 1981, but will nonetheless account for 90 percent of the government's total revenues and about 50 percent of gross domestic product.
2. The government's income will be adequate to meet the financial requirements of current expenditures, the ambitious development plan and defense projects, in addition to responding to the kingdom's international commitments.
3. The income derived from foreign investments will play a more important role if oil revenues face a further decline. However, there does not appear to be any likelihood of the disposition or liquidation of any portion of these assets.
4. In the regional context, Saudi Arabia will continue to play a basic role within the Gulf Cooperation Council and will seek to increase its financial support for Iraq, to help it in its war effort and its development requirements and to support its construction efforts in the event peace talks take place between it and Iran.

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WATER, SEWAGE SITUATION IN WESTERN PROVINCE DISCUSSED

Riyadh AL-RIYAD in Arabic 30 Nov 82 pp 8-9

[Interview with Engineer Fahd al-Sulayman, director general of the Water and Sewage Departments in the Western Province, and Engineer Muhammad al-('Arinan), general manager of the enterprise which administers the operation of maintenance of Jiddah's water supply, by three members of AL-RIYAD's staff, who are Nasir al-Qar'awi, editor in chief, 'Umar Abu Zayd, chief of AL-RIYAD's Jiddah bureau, and 'Abd al-Ra'uf Naji, the editor at AL-RIYAD's Jiddah bureau; date and place of interview not specified]

[Text] The projects will be completed in 5 years. Reports concerning the sections of town in south Jiddah have been forwarded to the king. Mecca is suffering from a water crisis, and Jiddah is suffering from overflow of water. Engineer al-Sulayman: "There is a contingency plan for sucking up sewage water from the city areas."

"Yes, we do have a national labor force problem." "Some government bodies which render services have taken on the responsibility of making up for deficiencies in other government bodies." "The Zubaydah project is continually being repaired, and we will be maintaining it." Engineer al-('Arinan): "We are considering pumping water to the inhabitants of Jiddah only 4 hours per day."

"The problem of the shortage of water has been transformed into [a problem of] too much water overflow into the streets."

"We are considering supplying the surrounding villages with desalinized seawater." The water from al-Shu'aybah will reach Mecca ahead of schedule.

In view of the water crisis, the Ministry of Agriculture has ceased digging wells--the reason given being that of "conservation." There is little coordination

between the government organizations. Jiddah has plenty of water. We have a surplus and do not know what to do with it. The proportion of Saudi engineers is small since the salaries are small.

#### Mecca

A new water pipeline, with a [pumping] capacity of 33,000 cubic meters per day, [will pump water to Mecca] from Jiddah. Large-size water pumps will pump water to the inhabitants of the mountain areas. The Zubaydah project will be repaired and maintained as a historical monument.

#### Jiddah

There will be a "restricted" area where [water] purification plants will be set up. Large tunnels will be dug across the city for the purpose of draining off sewage. The overflow of water is threatening most of the areas of Jiddah. The cause of this problem is the poor shape that the old water system is in.

#### Al-Ta'if

A total of 2.6 billion riyals [will be allocated] for water supply, sewage, and purification projects. Work will be completed in 3 years, and [our citizens will also] be receiving desalinized seawater. Our citizens must be patient and cooperative during this period of implementation.

It is only natural to see the emergency of many negative phenomena and shortcomings in some aspects of the public services required by the type of modern development which Saudi Arabia has been experiencing for about the last 10 years. During this period of time, Saudi Arabia modernized very fast and achieved a high degree of development which has been unprecedented in any other society or at any other period of development in the world's civilizations. This has been confirmed by reports and observations made by international bodies and organizations, and not only by what we are experiencing or by what our citizens are perceiving.

The cities in the Western Province--Mecca, Jiddah, and al-Ta'if--have also experienced modernization and a great deal of development. This has led to the emergence of certain shortcomings in providing sufficient water for the inhabitants and to overflows of water [in Jiddah] as a result of the bad conditions and obsolescence of the water system--a system which is no longer able to meet the demands of the city's consumers. Furthermore, during recent years the consumer requirements of the inhabitants have risen steeply and there has been insufficient production or "supply" of water. In fact, most of Saudi Arabia's cities are experiencing shortages in drinking water,

and there is a danger that the strategic reserves of water from the depths of the wadis and other large accumulations of water will run out. For this reason the government has begun to construct water desalinization plants on both the east coast and the west coast in order to both make up for this shortage of water and to meet other ground water requirements such as mixing water for desalinized water.

It was with these projects and these urgent requirements of our citizens in the Western Province--especially during the summer and the pilgrimage season--that our interview concerned itself today. Those participating in the interview were Engineer Fahd al-Sulayman, director general of the Water and Sewage Departments in the Western Province, and Engineer Muhammad al-('Arinan), general manager of the enterprise which administers the operation of maintenance of Jiddah's water supply. Those conducting the interview on behalf of the newspaper staff were Mr Nasir al-Qar'awi, editor in chief; 'Umar Abu Zayd, chief of AL-RIYAD's Jiddah bureau; and 'Abd al-Ra'uf Naji, the editor at AL-RIYAD's Jiddah bureau. The interview began with a question posed to Mr Fahd al-Sulayman concerning whether or not the water and sewage projects in the Western Province were keeping pace with the consumer needs of our citizens and what the department's work plan in this regard was. Mr al-Sulayman answered as follows: Al-Sulayman: Let me clarify what the responsibility is of the Water and Sewage Departments in the Western Province (Jiddah, Mecca, and al-Ta'if). In the case of Jiddah, the Water and Sewage Department is responsible only for sewage because Jiddah's water is still the responsibility of the Ministry of Agriculture. The reason for this is that the Ministry of Agriculture is responsible for water desalinization and water transport. I am going to let Mr Muhammad al-('Arinan) discuss the matter of Jiddah's water. In both Mecca and al-Ta'if we, of course, are responsible for both water and sewage. On the basis of this set-up, allow me to speak only about sewage in Jiddah but about both water and sewage in Mecca and al-Ta'if.

#### Sewage in Jiddah

The Water and Sewage Department in the Western Province was established as a result of a royal decree. Its first budget was in the year 1397/98 A. H. [1977/78], that is, quite recently in terms of the development of any city.

Its first budget for the Western Province was about 920,000 riyals, but by this year it has become almost 4 billion riyals. Our department is still new in the field of the services which it provides.

In Jiddah the responsibility for sewage matters was in the hands of the Ministry of Municipal and Rural Affairs and was under the supervision of the Municipality of Jiddah. A [sewage] system was constructed inside the city. Jiddah, like all other cities in Saudi Arabia, has undergone tremendous development during the last 10 years. It has grown much faster than anyone dreamed it would. The city was divided up [into areas] on the basis of the residences which existed as well as the small shops and numbers of inhabitants which were [in the various areas].

I believe that Jiddah's population right now is estimated at about 1.2 million. Ten years ago, at the beginning of the seventies, the population was no more than 350,000, and planning was carried out on the basis of this population figure.

At the present time, that is, 10 years later, after Jiddah's tremendous development and after enormous buildings have been built in the center of Jiddah and in the old part of the city, we can say that the [sewage] system has certainly not been able to keep up with this development.

There is an old system in the city area, and since 1397/98 A. H. [1977/78] we have been dealing with the new areas and locations. Jiddah has been divided into a southern area and a northern area. The southern area begins at Mecca Road and extends to the south.

The northern area, which we are considering as such on the basis of our new projects, begins north of Filastin [Palestine] Street. This is the concept involved for the matter of sewage in Jiddah. The same thing is true of Mecca. Systems were being set up by the Ministry of Municipal and Rural Affairs. An old system had been put in around the Holy Mosque. What I said about Jiddah also applies to Mecca.

Right now we are seeing enormous demands being made of the old system--the same demands and the same problems which we face in connection with the old system [in Jiddah].

As we know, the system in al-Ta'if is a temporary one. We have now started to construct al-Ta'if's [permanent] system, and we are proud of it. Implementation of the project is being carried out by three companies. Al-Ta'if has been divided into three different areas--two areas plus a third area [which includes] the sewage treatment plant.

Al-Ta'if's situation will be different from that of any other city in Saudi Arabia in that its system will be entirely constructed as an integrated system. Jiddah's system, for example, was constructed city area by city area, and in stages. But this one will really be an integrated system, and the work done in connection with the system will be a single organized effort.

Companies were selected to install the system on the basis of their being capable of installing a system that is to be one of the best--if not the very best in the whole Middle East. Work on this system will go on for 3 years, and after that time it will be ready.

Also, in the case of al-Ta'if's system, all the services [will begin] at the same time. Water service, sewage service, the draining off of flash flood water, and the recycling of sewage water will all begin at the same time. It will be an integrated system rather than a system set up by stages with, for example, water services being provided first, then sewage services, and so on. All of the construction and digging will take place at the same time, and all of the work will be done on the basis of serving the city of al-Ta'if.

#### Direction According to Downward Flow

[Question] Concerning Jiddah, is the intention to have the flow of the sewage system be either toward the east or toward the northeast on the basis of the fact that there are agricultural areas there such as Wadi Fatimah? Also, is the intention to thereby provide protection for the sea and for the southern areas as a whole? Should this not be done because [these above-mentioned areas], geographically speaking, are closer and because it is possible to utilize them instead [of having the sewage] go through the areas that it goes through right now, in the middle of the city--something which causes the pipes to break, etc.? Has any study been made concerning this matter?

[Answer] Al-Sulayman: The area which you are talking about is the city area and the university area, which is called the southern area, and it extends as far as the naval base. The sewage of this area, that is, the southern area in addition to the city area, flows south. As of right now all the sewage in the area north of Filastin Street will flow north.

The [sewage treatment] plant was [going to be put] on the Mecca Highway. But we made a study of this area and found that this was the wrong way to do things. Having in mind to redirect the sewage, we made a study on the basis of having all the sewage flow toward Abhur and having the appropriate tunnels face in that direction. As of now the plant will be build in Khurm al-Sharm. We took into consideration the fact that these areas will later become entire cities. We wanted to include these areas and have the plant be in that area. [The sewage] first went east, and then toward the sea from the other direction. We have taken into consideration having this sewage flow along a downward flow path so that we will not be forced to engage in the process of pumping it since this requires a great deal of power. The process of pumping treated water is less costly than repairing all of the systems in one area.

#### There Is No Danger to Jiddah

[Question] Do you believe that there is any danger to the city of Jiddah or that it will suffer any harm in the future because of the sewage problem, from either the economic or social point of view? We know that some cities suffer from congestion in certain areas which may have no drainage. Is there any danger of this type to Jiddah?

[Answer] Al-Sulayman: In the long run, and as long as the sewage systems are well-organized and in order, there will be no harm because, if things are done this way, all of this water will be collected in these areas. This is especially true since we are viewing matters on the basis of having tunnels begin from Filastin Street and this whole area will have large tunnels through which the sewage will be flowing. As long as there are places where water is collected and we are then able to pump it where we want to, then, on the contrary, we can say that the harm now is the fear of [this danger]. When the system becomes integrated and we will be able to channel the water where we want to, [there will be no problem]. But now the water is leaking and affecting the foundations [of buildings and houses].

[Question] Is there no plan to speed up this process, to have rapid drainage, to have, for example, large irrigation wheels [to drain] every section of town?

[Answer] Al-Sulayman: We are engaging in operations right now to alleviate [the crisis]. For example, we have the al-Nuzlah plants in Ghalil. Three wells are being dug there [which are] like concentrations of water. We have reached agreement with the heads of the municipalities to have us pump this water by means of water hoses to the rainwater drainage canal. These are temporary solutions, but we have seen that these temporary solutions are exhausting ones. We now have a study which has been made concerning the south. [The south] has been studied, all the specifications in connection with it have been determined, and everything has been planned for each location in the area. These open country areas have now been completely zoned and are now completely and integrally covered by the [Water and Sewage] Department.

There is an international company which has now taken over [the project at] Mada'in al-Fahd and Ibn (Ladin) Street and is implementing it now. Public housing construction is on the basis of the line of flow [of the sewage] from the plant and, God willing, we will try to harmonize our work with that of the Prince Fawwaz project and link it to this line of flow [of the sewage]. Right now we have a company which is hooking up [water and sewage service] to some of the residences inside the city which were not covered by old [water and sewage] projects and which are in the older areas.

We have invited some companies [to submit bids], and on 28 Safar [in mid-December] the envelopes will be opened [concerning the project] for this area which extends from Filastin Street to Al-Tahliyah [desalinization] Street. This is the area which is north of the city. As for the diplomatic areas of the city and the al-Sharafiyah area, [the projects for] these areas will be awarded to companies after the envelopes are opened on 28 Safar concerning projects which we call "11." They include the tunnel which will go as far as Al-Tahliyah Street. Then we have the hook-ups [of water and sewage service] to residences of 11 to 14, and then 17. These projects--God willing--will be implemented by five companies, and all of them will be working at the same time.

The project which we call "17" is the system which has been talked about. It is a weak system. We will construct Tunnel 17 on the basis of utilizing it for auxiliary lines for the purpose of alleviating the pressure [on the existing system]. After that, we have requested 16, 18, and even 21 for our next budget. We have about 32 projects in mind till the end of the planning period.

We have already actually requested Project 23 for the southern area and sent this request to the higher authorities. This is a project which is integrated from the university area till the end of it.

## Integration of the Sewage Projects in 2 Years

[Question] How long do you anticipate that it will be before the city of Jiddah will be able to breathe easily after having suffered so much from its sewage problem?

[Answer] Al-Sulayman: The projects which we have right now are all set up on the basis of being completed within 2 years. We are saying that if the necessary appropriations are granted for us to implement the plans which we have, that is, [if they are granted] in next year's budget, I say [that the projects] will be completed within from 5 to 7 years.

Particularly the hook-ups [of water and sewage service] will not take long. They will only take 2 years or so. This is based on the fact that, if we have these tunnels, they will save us a lot of time. This is why I am saying--God willing--that this area will be covered within from 5 to 7 years.

## Utilization of Sewage Water

[Question] Is there any plan for utilizing this sewage water?

[Answer] Al-Sulayman: Yes. These areas which we are talking about and for which we are making preparations right now will have a complete system for recycling sewage water. We have a plant in the south. Right now there is an English firm working on bringing back the water and treating it in order to pump it back into the system again. In other countries, such as England, for example they recycle drinking water seven times. In France, for example, they recycle it 17 times, and in Japan they purify [and recycle] it 34 times.

[Question] Mr al-('Arinan), could you provide us with a realistic picture of the situation and could you tell us something concerning this aspect of our water supply?

## 80 Million Gallons Per Day

[Answer] Al-('Arinan): Right now we have begun to pump 80 million gallons per day. This week we have reduced the quantity to 70 million. Next week it will be 60 million. The reason for this is the overflow of water. This has forced us to pump water to residences only 8 hours a day instead of 24 hours a day. And now we are thinking of reducing it to 4 hours per day. The reason is that the water is leaking into the streets. If we pump 70 million gallons [per day] and there are no sewage pipes and there is no drainage, all of this water will leak into the streets.

[Question] Do you not believe that this will cause harm to our citizens, especially since it would involve a shortage during the summertime, when more quantities of water are needed?

[Answer] Al-('Arinan): Right now we are providing our citizens with enough water, as long as we have the water. However, if we had drainage for the water, we would be pumping water 24 hours a day. Even right now we are sometimes pumping water 24 hours a day for the city of Jiddah.

Al-Sulayman: The [situation of the] city of Jiddah is basically what I explained to you [concerning] this system in the old sections of town. The area that has no system uses irrigation wheels. In my opinion, no matter how much water is provided, they will use the irrigation wheels until we use the system. Mr al-('Arinan) is right. The irrigation wheel which is made in a primitive fashion will overflow because the quantity of water has increased. This is a fact which we should recognize. Abundant water is now available, and the irrigation wheels are unable to absorb all this water.

This is why I say that these projects, which we are now implementing, will keep pace with the development which water has had [in terms of the quantity available].

At one time there was a shortage of water in Jiddah. But since Jiddah is located on the sea, water desalinization projects were set up there, and there came to be plenty of water. In my opinion, this development in the availability of water was not accompanied by a similar development in the sewage system. We see the reason for this when we look at the budget of the Water and Sewage Department in 1397/98 A. H. [1977/78], which was the department's first budget. The budget totalled 920,000 riyals, and was for a period of only 5 years. There is certainly a difference between restoring a city's whole system and pumping this city's water. We should view matters on the basis of the fact that, as far as the government is concerned, it is impossible to concentrate on one aspect at the expense of other aspects, or on one department at the expense of another. There must be a type of balance between [the attention given to the various] departments.

This year we have been provided with a budget for the city areas which we have been talking about. This is a good thing, and it is a blessing. God willing, we hope that next year we will also be provided with a budget such as this. If things proceed in this fashion, then--God willing--within 5 years all of these things will be finished, and we can have the companies commit themselves to do this.

#### South Jiddah Has Been Hurt

[Question] Mr al-Sulayman, it seems to us that the southern part of Jiddah has suffered a lot in many ways and that its citizens, both when inside their homes and even when outside in the streets, have had to endure a lot every day. Has their problem been solved, or, if not, is there any hope that it will be solved?

[Answer] Al-Sulayman: As you have said--and you are completely right--the south [has a problem]. There are many places in the south which have really been hurt because the water level is very high. And you know that these

areas which have been hurt are low-income areas. Irrigation wheels have been put up there, but they work in a very primitive fashion and they become cracked. Sometimes [some of these areas] do not even have irrigation wheels.

We, for our part, have made complete studies concerning each section of town and each area. The budget concerning this matter has been referred to the higher authorities, and the amount requested in connection with the budget is about 1.3 billion riyals. [The projects would] start with the university area. Those concerned with this matter--with the king, king's deputy, and Prince Majid being at the top of the list--have promised us that they will take a great interest in the matter. The matter has been referred to them, and--God willing--we shall hope that we will receive this entire sum [for our budget] and that we will be able to use it. Right now we are attempting to come up with some temporary solutions such as digging some wells in order to collect this water there and then pump it out.

#### Desalinization Projects

[Question] Mr al-('Arinan), there were always complaints that the city of Jiddah was suffering from a water crisis. Do you believe that there still is a crisis as far as Jiddah or its citizens are concerned?

[Answer] Al-('Arinan): First of all, before we talk about the city of Jiddah, [I would like to mention that] our project includes the city of Jiddah, the villages along the Mecca Highway, Wadi Fatimah, and Khulays.

As far as the water crisis is concerned, let me say right now, and as a responsible official, that there is no more [water] crisis in Jiddah. Extensions [of the water system] are constantly [being added]. According to the map, we have already reached Abhur in the north. The desalinization plants, in 3 months, [are supposed to] provide us with 95 million gallons per day. A month ago they provided us with up to 80 million, and we told them to reduce this amount. We said that 70 million was enough for us. We maintain direct contacts with them in order to have them reduce [the amount of water produced] rather than increase it.

As far as water in the city of Jiddah is concerned at the present time, I do not believe that there is any problem, and I believe that my colleagues in the Jiddah office can back up this assertion of mine.

#### Distribution of Water According to Need

[Question] Concerning the additional [water] produced in the Western Province, how is it being distributed?

[Answer] Al-('Arinan): The fact is that this increase came at an appropriate time. Before it came, Jiddah was suffering from a water shortage. We were pumping water only every third day. Then we got to the point where we were pumping it day after day, and then we began to provide water to a given section of town one day and to cut water off from this section for the two following days. There simply was no water to be provided.

Then the amount of water gradually began to increase, and we began to increase the number of hours that we were pumping. Last year we pumped water 7 hours [per day]. Right now we are pumping water 20 hours [per day]. The remaining 4 hours of the day are for allowing the water to flow [into the pipes]. From 12 am till 3 am we stop the pumps and allow the water to flow through the pipes until they are gradually filled. Then at 3 am we begin pumping again. The water, of course, comes to us and then we mix it. We have water tanks, about eight tanks. We put in them whatever extra water we have.

#### Balance Between Desalinized Water and Strategic [Water] Reserves

[Question] With regard to the situation of some areas in the Western Province and their need for water--for example, for agriculture, as in the case of Wadi Fatimah where the farms have been hurt [because of the water problem] and the people there have been hurt due to water being taken away from the wadi--have you struck a balance between the strategic [water] reserves inside the ground and the capability of producing great quantities of desalinized water?

[Answer] Al-('Arinan): First of all, as far as Wadi Fatimah is concerned, the water which we have been taking from there is water that we have desperately needed, and we have to provide water to our citizens however we can. We have begun to produce more desalinized water, and we have begun to alleviate [the situation]. We were operating 60 wells, and now we are operating 15, which is quite a bit.

In Wadi Khulays there were about 30 wells. Right now there are only springs [there], along with one well.

One fortunate thing has been that there has been a lot of rainfall recently, and this will compensate for the water which we have taken. Also, we have heard the really good news that a dam will be constructed at this location. This--God willing--will to a large degree compensate the farmers [for the water taken from them]. In the city of Jiddah we now have plenty of desalinized water. In fact, we have a surplus which we do not know what to do with.

We are [now] able to do without the water from the wadis. We are right now practically doing without it, except for the villages located along the Mecca Highway.

[Question] Is it part of your plan to stop using the ground water, even in these areas which you have mentioned?

[Answer] Al-('Arinan): Right now we are thinking--to an extent which has not yet been made public--about pumping desalinized water to these villages. We are attempting to compensate them for what happened before. Of course, desalinized water will be used all over the country. These villages are the closest ones to the city of Jiddah, and we have already planned on pumping desalinized water to them.

[Question] Concerning the areas which have not been provided with desalinized water services, how is it possible to bring such services to them?

[Answer] Al-('Arinan): I, of course, am talking about the villages which are around Jiddah. According to the plan now formulated by the ministry, they will be provided with desalinized water. Wadi Fatimah, Wadi Khulays, and now Dhahaban will have desalinized water. These villages, including those along the Mecca Highway, [will receive desalinized water]. But it will be some time before these latter villages receive it because [the projects involved] are still in the design stage and [the stage of construction of] elevations. As far as drinking water for these locations is concerned, they are being taken into consideration and they will be given priority.

[Question] Mr al-Sulayman, when will desalinized water reach Mecca?

[Answer] Al-Sulayman: We all know that Mecca suffers from a water crisis. A year ago the quantity of water which reached Mecca totalled about 60,000 cubic meters per day. This year we have been able to increase this quantity to 83,000 cubic meters per day, as of right now.

Of course Mecca has expanded and grown, and the demand for water has greatly increased. Its population even during normal days is estimated at about 600,000.

Let me return to Wadi Fatima. Since the city of Jiddah already has enough water, and the villages located along the road between Mecca and Jiddah are going to be supplied with desalinized water, we now have a project which has been prepared and which will be put up for bids this month. The project concerns putting in a new line from Jiddah to Mecca, and [when project is finished] we will be pumping 33,000 cubic meters [of water per day] from Wadi Fatimah to Mecca.

The Ministry of Finance has authorized this, we have it in the budget, and it has been approved. We are saying this because Mecca really is suffering. A request has been made concerning this matter, and the matter has been referred to higher authorities. The green light has been given to us from the administrative board to begin work on this line [which includes] the desalinization plant in al-Shu'aybah. My understanding is that some companies will put in the lines in this area. God willing, within 4 or 5 years we expect the desalinization plant to be finished and to be ready.

But let me repeat that in the intervening 4 or 5 years Mecca will be suffering [from a water crisis] and Mecca is greatly in need of water. Right now we are proceeding on the basis of a new plan. I have already been quoted in many newspapers as saying that Mecca was receiving water according to a rotation system. What this means is that [water] was coming to the different sections of town once a week so that the water tanks [in those sections] could be filled up.

Since 1 Muharram 1402 A. H. [in April of 1982] we have begun to open up the whole system. We have found that 83 percent of Mecca's water is available. This equals about 60 percent of our needs. So it would be better for [Mecca's] citizens to take 60 percent of the water which they need every day and not to have the water cut off from them for 10 days.

Physically speaking, Mecca differs from Jiddah. Mecca has mountains and elevations. It is a happy fact that all citizens have land on which they can build. There are now more buildings, more sections of town, and they have been built high up in the mountains. But this makes it difficult for us to have water reach them. Now we have, as an experiment, opened up [our water system] to allow this quantity of water to be used in Mecca.

This experiment--praised be to God--has been successful, and we are happy about this fact. The water reached places which it had not reached before. In order to have water reach the higher places, we now have about seven pumps for pumping the water upward. We have asked Germany to send us 10 more pumps this month so that we can install them along the water lines in order to use them to pump water upward.

We used to receive from 60 to 70 complaints every day in Mecca. Every day we used to receive six complaints, all of which came from [people living in] the higher locations. The cause of the complaints was the fact that the water systems have not been used for 3 or 4 years and rust has accumulated in them. We have gotten a Saudi company to take on the job of starting to check each system in the higher locations and clean them so that they can be used for water service.

Let me say once again that Mecca fully needs the water from Wadi Fatimah. It needs a total of 33,000 cubic meters or [at least] 30 [thousand cubic meters] during the next 2 years. Before the desalinization plant project, we provided from 10,000 to 15,000 cubic meters to the areas along the Mecca Highway, and we ourselves took 22,000. This is a great help to us. At the same time, we in the department have begun to develop the sources of water which comes to us.

We began with Wadi [Na'jan]. There are about four wells there, and now we have turned them over to a contractor. Within 2 months lines will be put in which will reach the al-Jumum plant. This will provide us with 9,800 cubic meters of additional water. Also, we have dug two wells, and this month they will be turned over to us. They will give us about 6,000 cubic meters of water. Then there is the al-Qashshashiyah plant which we have. We have brought experts from Germany, and they have begun to make a study of how to increase the pumping capacity there. Approximately 5,000 more cubic meters of water will be pumped by this plant. Through efforts made by our department--God willing--within 3 or 4 months we will bring this total up to about 100,000 cubic meters.

Al-('Arinan): Perhaps Mr al-Sulayman will not be happy to hear these words of mine concerning responsibility for Jiddah and even Wadi Fatimah. Most of the water which we are taking from Wadi Fatimah goes to these villages from Wadi Fatimah and as far as Kilometer 14. The desalinized water line will not reach these villages until 4 years from now.

As we have been taking water from Wadi Fatimah, have we been thinking what we would be doing for these villages, even though right now there are 1,400 water service hook-ups there and this wadi is the only source of water for these villages?

#### Poor Coordination

[Question] Mr al-('Arinan) is calling for coordination among you and saying how necessary it is--at least in the form of emergency coordination at the present time. Mr al-Sulayman, have you discussed this point?

[Answer] Al-Sulayman: As I have already said, we are discussing attempting to provide water area by area, to the Bahrah area and the others that will follow it. Out of a total of 33,000 cubic meters, 13,000 cubic meters were taken away to be provided to this area, and all of you realize the importance of Mecca's status as an Islamic city. I am saying this because there are millions of guests of God who come to our city from the rest of the country and from other countries. I am saying that these villages which are along this road should make sacrifices along with us during these [next few] years so that we can offer [water] services to the Muslim world and to the visitors of the holy places.

Al-('Arinan): I have a remark concerning the amount of water which we take from Wadi Fatimah and give to Mecca. Certainly Mecca, as a holy city, is a place which is dear to us and its needs are more than the needs of a village. But the thing is that we have not attempted to compensate for this quantity [of water taken from this area]. Instead of putting in a main line from Jiddah to Mecca, we [should] dig wells in various places and compensate for the quantity of water being taken from Wadi Fatimah. If these villages receive sufficient water, water would be left over for the farms that we have. Is there a possibility of this?

#### The Ministry of Agriculture Stopped Us

Al-Sulayman: Concerning compensation and looking for alternative sources of water, let me say that I have been stopped [from doing this] by the Ministry of Agriculture. The Departments of Water and Sewage are not responsible for searching for sources of water. The department's responsibility concerns the water systems in the city and their maintenance. But searching for sources of water is the job of the Ministry of Agriculture. I could discuss and expand on this matter because I am the one who received this order. It is the responsibility of the Ministry of Agriculture to search for sources of water and to bring it to the cities, and we are the ones who install the water systems and utilize them.

We have dug two wells in Wadi Bani ('Umayr), we were permitted [to do this] by the Ministry of Agriculture, and this provides us with a little additional water. But if I wanted to search [for additional sources of water] in any other area, I would be stopped from doing this by the Ministry of Agriculture because this is its responsibility. Al-('Arinan): Let me say the following. Until recently the Ministry of Agriculture has been digging 10 wells around Mecca. So far the system has not been connected [to the wells], and some of the pipes are still being installed.

Al-Sulayman: This is true. Ten wells have been dug by the Ministry of Agriculture and they have been turned over to the Department of Water [and Sewage]. Two of them dried up. They totally dried up, and this is something that is known. Of the other eight wells, five have been connected [to the water system]. In the case of the three other wells, we have found it difficult to connect them [to the system] and to keep them separated from each other. As I have said, we are connecting two wells in Wadi Bani ('Umayr) [to the water system], and right now the contractor is finishing up this work. We are utilizing these 10 wells which have been given to us to a degree which cannot be imagined. We are completely dependent upon them in this regard. We are finding it difficult to connect the remaining well [to the water system] because it is too far away from the other wells for us to connect it to the water system and for it to provide more quantities of water. We thank the Ministry of Agriculture for giving these wells to us, and we are totally dependent on them. But Mecca still has insufficient sources of water.

#### Necessity of Coordination

[Question] We have a remark concerning the two answers to the effect that Mecca's need [for water] is greater. Do you believe that it is necessary to maintain the present situation [characterized by a] lack of coordination between government bodies? Circumstances might require coordination between them. For example, the Ministry of Agriculture put restrictions on the digging of wells, and the Department of Water [and Sewage] was in need [of more water] to supply principal cities such as Mecca. Perhaps [the department] has to have a certain quantity of water in order to be ready to supply the visitors who come to [Mecca]. Also, there is a certain quantity of desalinized water, or even a surplus of it. Certain areas are suffering [from a lack of water] or else, in other areas, principal resources such as the sector of agriculture, for example, in Wadi Fatimah or other areas are being affected. Do you believe that it is necessary to keep things as they are now, or is it necessary to have coordination?

[Answer] Al-('Arinan): Fortunately both I and Mr al-Sulayman are geologists. The Ministry of Agriculture imposes restrictions concerning coordination only in the case of operations of digging [wells]. We all know where the water is. If the digging were not regulated, the [water] would be used up once and for all. Wells are not dug and projects are not engaged in until we have made sure that there is enough [water] for the long run. This is the reason for this prohibition. If we allowed anyone to engage in [digging wells] who wanted to, this would be something which we would regret.

We all want coordination. Each party could bring up what it wants to implement and we could have consultations among ourselves if there were any objections to this implementation. We have begun to do things which we have not been used to doing. They [include] keeping a log-book which will show what has been correctly done and which mistakes have been made.

Al-Sulayman: God willing, there will be no shortcomings on the part of anyone, and we do have coordination in this area. But I must still bring up the fact that the department has not been given total permission or

approval to look for sources [of water]. We geologists, along with our fellow geologists, have located many places which are sources [of water]. I have sought the help of Ph. D.'s from our universities--Umm al-Qura University and King 'Abd al-'Aziz University. I have also sought the help of our colleagues who are experts in the National Sciences and Technology Center and the Ministry of Agriculture --to get them to help us search for a means of finding and developing water sources for Mecca. We have already actually begun to make preparations for these studies. But there was an objection on the part of the Ministry of Agriculture, which said that this was not the job of the Department of Water and Sewage and that it was [the ministry's] job to search for sources of water. This work that we have been doing involves searching for sources of water, making the necessary studies concerned, and then seeking permission from the Ministry of Agriculture. We have been undertaking this because we are suffering [from a lack of water] and we are receiving complaints. This is why we are involved. Our citizens do not know things such as this. They only know that the Department of Water and Sewage is supposed to provide water for them. This is why we wanted to get involved in this matter, search for sources of water, prepare the necessary careful studies, and then submit them. But the Ministry of Agriculture has objected and said that this is basically its work. [It has said that] the Department of Water and Sewage is supposed to only put in [water and sewage] systems. However, there is cooperation. I am in contact with Mr al-('Arinan) every day, and we coordinate concerning many matters. We have young men who coordinate with Mr al-('Arinan), and do so concerning quite a few matters. However, the Ministry of Agriculture says that water resources are its responsibility and that it is its responsibility to search for sources of water. The ministry has the right to say this. However, we are the ones responsible for [supplying] water, and we are the ones who are confronted with the problem and the distress.

Al-('Arinan): I have a comment to make concerning the matter of coordination. I believe that it is important to have it between institutions in a given country. Concerning the matter of digging wells and developing Mecca's water resources, I would like to ask Mr al-Sulayman the following: What coordination has there been? For example, we have not received any request to survey the area, and we have geologists who can, for example, make better studies of the wadis concerning the matter of supplying Mecca [with water]. I am hearing this for the first time. I have heard that there are 10 wells that were dug 2 years ago. I cannot be sure of this because I do not know. I have wanted to clarify this point, since it would perhaps be useful [to know].

Al-Sulayman: Concerning the matter of coordination, let us take, for example, Wadi Fatimah. There is coordination concerning this matter. There is someone who is the director general of the Ministry of Agriculture in the Western Province who is a member of the Administrative Board of the Water and Sewage Department. This subject was brought up once, and it was brought up via Prince Majid. We have often dealt with these matters in the administrative board. Prince Majid requested that we deal with this matter concerning Wadi Fatimah's water, our problems in Mecca, and the problem of transporting this water. He once wrote to the minister of

agriculture to this effect. Also, telegrams concerning coordination in this area have also been written. The coordination is not in small matters. But the idea in this regard has been proposed, submitted, and referred.

Al-('Arinan): Concerning coordination, I am not asking whether or not it exists. When I speak of coordination, I mean that we should meet with each other. [We should inform each other, for example,] how much water is produced by the Wadi Fatimah area, what the needs of the villages are, and how much it is possible to provide to Mecca. This is the kind of coordination that we should have.

#### The al-Shu'aybah Project

[Question] You as officials of two different bodies perform important and direct services for our citizens, have direct responsibilities, and are directly involved in implementation. Why do you not have coordination between each other instead of having the coordination come from the Ministry [of Agriculture], from the Administrative Board [of the Water and Sewage Department], from Prince [Majid], or from someone who will be checking up on the Department of Water and Sewage? Everyone applauds the idea because, if steps [of coordination] are undertaken on any level, the benefit which we desire will be achieved--that is, it will serve the interests of our citizens. Of course, there is no doubt that, with such large responsibilities being shouldered and in view of the rapid development which has taken place in Saudi Arabia in general, it is inevitable that there should be gaps. But--praise be to God--these gaps are not so large that our citizens have cause to be afraid of them. Mr al-Sulayman, let us return to the matter of al-Shu'aybah and concerning water. Could you please provide us with some statistics concerning al-Shu'aybah, Mecca, and al-Ta'if?

[Answer] Al-Sulayman: If you want to hear about al-Shu'aybah as a [water treatment] plant, then I am not the person to talk about it. Mr al-('Arinan) should be talking about this plant because he is the one implementing it.

All that I know, after [consulting] the studies, is that, when the plant is finished, about 200,000 cubic meters [of water per day] will come to Mecca.

We are very happy about the desalinized water, and I hope that everyone is happy about it. But since we are the ones responsible for supplying water to Mecca, you can imagine the burden which we are shouldering in this regard and how much [this desalinized water] will free us of this enormous daily concern.

On this basis we have divided the Mecca area among eight contracts [for eight different projects]. On this basis, they will end before the plant is finished so that we will be able to absorb the water [produced by the plant].

Our study was made of about 3,526 hectares. This area has no water system or sewage system. This study will provide for a sewage system, a system for recycling nonpotable water--that is, a system for cleaning this water--pumping stations, purification plants, and a sewage water recycling plant in Wadi 'Aranah.

Right now we are preparing our plan for absorbing this water when it comes to us after this work has been done. We will be receiving 20,000 cubic meters more than we have [now]. How will we absorb this water? As I have mentioned, Mecca has been divided up among eight contracts [for eight projects]:

The first contract concerns a project which involves providing the al-Risifah area with a water and sewage system, and it will cover about 608 hectares. This project is in the stage of having its contract awarded. The value of the contract is 204 million riyals. The envelopes concerning the project have been opened, the contract has been awarded, and the matter has been referred to higher authorities for approval.

This project will cover the entire al-Risifah area, which totals 608 hectares.

The second project deals with a water system and a system for nonpotable sewage water for the area of al-Zahir and (Jiyad). It will cover about 293 hectares.

This project is in the stage of being announced open for bidding. It will be announced on this basis.

The third project involves the final [water] line for draining off sewage water which goes to the new purification plant at Wadi 'Aranah. The contract concerning this project has been awarded to the company [which will be implementing it], the value of the contract is 48 million riyals, and [the water line will be] 12 kilometers long. The idea is for the line to run from the old plant to the new plant. The reason for this is that the new plant, [the construction of which] we are now going to announce, will provide service for up to 1 million persons.

The fourth project is a project for building a system for water and non-potable sewage water in the 'Umrah [minor pilgrimage] area. It will cover an area of about 740 hectares.

The fifth project is a project involving nonpotable water systems in the Hajj [pilgrimage] area. They will cover an area of about 516 hectares.

The sixth project involves the construction of a purification and sewage water recycling plant in Wadi 'Aranah which will be connected to the [water] line. It is now in the stage of being announced open for bidding. The first step of the project will cost about 700 million riyals. The reason for this is that it is a large project and will provide service for up to 1 million persons. The reason for this is so that, in the future, we do not say that the number of inhabitants is too large to be served by the plant or something of the sort.

The seventh project involves a water and sewage system for the al-Nuzhah [recreation and excursion] area. It will cover an area of about 272 hectares.

The eighth project involves a water and sewage system for the Kuday area and part of the al-Risifah area. The system will cover an area of about 2,095 hectares.

In addition to this there is the project involving the sewage system at al-'Aziziyah--the north, the south, and the central part. Companies are now working on this project, and it will cost 170 million riyals. Right now it is being implemented.

As for the project involving installing the water system in the al-'Aziziyah area--the system for nonpotable water--it is now in the stage of having its contract awarded. The contract has been awarded to a company, and the matter has been referred to higher authorities [for approval].

This operation will cover Mecca entirely within 3 years. As for projects involving water service, right now we have [projects involving the construction of] water and sewage [systems] as well as a system for recycling sewage water. When this plant is finished in al-Shu'aybah, these projects will have been implemented and the installations will be ready to absorb [water produced by the plant at al-Shu'aybah].

[Question] How about desalinized seawater projects, as far as the Ministry of Agriculture is concerned?

[Answer] Al-('Arinan): As far as desalinized water is concerned, there is a great deal of interest in the al-Shu'aybah plant. [Contracts concerning] large portions of [the al-Shu'aybah plant] have been awarded, and we did not expect them to be awarded until a year later. Implementation will begin during the next few months, especially implementation involving the main lines. Things are ahead of schedule. My personal expectation is that, if matters keep on proceeding as they are doing so right now, then--God willing--everything will be completed ahead of schedule. And the project was scheduled to be completed in 5 years.

#### Old Water Projects in Mecca

[Question] There is a question which deals with traditional water services in Mecca, involving the 'Ayn Zubaydah project or the al-'Aziziyah project. What will its situation be after Mecca starts receiving sufficient desalinized water?

[Answer] Al-Sulayman: The Zubaydah project, the water which comes to it, and the canals--all of this constitutes an old project. Many of these canals are dilapidated and no longer suitable for being used. They are unable to supply a large city such as Mecca [with water]. Right now we are keeping this project only because it is a historical monument. However, it is impossible to have it be a means of supplying the city of Mecca [with water]. But we will keep it as a symbolic historical monument. Its water tunnels go into many locations that are not known. For example,

'Ayn al-Jadidah [the al-Jidadah spring] is one of the water tunnels of 'Ayn Zubaydah [the Zubaydah spring]. Right now there are two teams, with 20 persons in each team, which are there and are performing maintenance at 'Ayn al-Jadidah. We have a blind man who goes into the spring, has had 30 or 40 years experience there, and keeps track of the flow of the old 'Ayn Zubaydah spring. And, quite frankly, I must say that he is good at his job.

[Question] The development of technology necessitates changing some things in the project. Has anything of this sort taken place?

[Answer] Al-Sulayman: We do not depend on the project because it cannot do the job, because the cost [of maintaining it] is high, and because its facilities have been dilapidated for 1,000 years. That is how old it is. It is possible to carry out some maintenance there in some areas. We have put in a system at (Sulah). We have al-Madiq, (Sulah), and al-Jadidah, and they provide us with about 1,000 [cubic] meters [of water] per day. As you can see, this is a rather small quantity.

Al-('Arinan): I have one small comment to make about this point. We [by mistake] believe that desalinized water is distributed and pumped in pure form. Desalinized water requires mixing. You have to mix it with normal water. [The amount of normal water available] is not equal to the quantity of the desalinized water. For this reason we add chemicals. However, it is very necessary to have the element of normal water in the desalinized water. The elements present in normal water [are necessary]. The water which you get after desalinization is purified and distilled water from which all the salt has been removed. But normal water has the [necessary] elements. This water is added [to the desalinized water] in order to compensate for the elements which have been lost [through desalinization]. We mix pure [natural water] with desalinized water as much as possible in order that it not become merely chemicals. We attempt to make it natural water. There is no particular percentage [necessary], and it depends on the quantity.

Al-Sulayman: In Mecca we have a minimum of 83,000 [cubic] meters not counting the water from Wadi Fatimah. I believe that this is enough water to be mixed with the 200,000 cubic meters of desalinized water.

[Question] What about the main lines for the desalinized water for the city of Mecca? Is there any thought right now being given to constructing main lines from Jiddah to Mecca?

[Answer] Al-('Arinan): As far as I know, so far no thought has been given to this. We know that Mecca is at a very high elevation. As long as we have al-Shu'aybah, there is no need to put in a main line and pumps. There is no need to duplicate this work because we are going to be doing the same thing from al-Shu'aybah to Mecca. In addition to this, it would be enormously expensive.

This year there has been a proposal to create a type of triangle which would be as follows: Al-Shu'aybah would pump water to Mecca, Mecca would pump water to Jiddah, and Jiddah would then pump water to al-Shu'aybah. It is a [workable] triangle because from Mecca to Jiddah one could utilize downward flow.

## Projects in al-Ta'if

[Question] Mr al-Sulayman, what can you tell us about water and sewage projects in al-Ta'if?

[Answer] Al-Sulayman: The city of al-Ta'if has, by now, become not merely a summer resort center for our country, but has also become an international center. Al-Ta'if has hosted numerous conferences and, in the future, will host many more.

Right now we, with the aid of companies, are undertaking the implementation of a complete integrated system for the city of al-Ta'if. These companies are working on this project right now. We have divided the city of al-Ta'if up into two main parts--an eastern part and a western part.

We have divided up the eastern part into three different sections. Each of these sections has a name--S-1, S-2, and S-3.

The project will cost a minimum of 2.6 billion riyals. The splendid thing about the project is the fact that it is being implemented as an integrated project. We have not divided al-Ta'if's projects into stages, with the projects being implemented separately in accordance with each 1-year period or 2-year period. The whole [overall] project is being implemented at once and within the same time period. This integrated implementation of the project involves putting in the water systems, the sewage system, the flash-flood drainage system, and the sewage water recycling system. In other words, the digging will all take place at once, the systems will be put in at the same time, and they will be coordinated with each other. In my opinion, in 3 years--God willing--these systems will be integrated in the full sense of the word. This integration will also include water tanks, pumps, and everything else connected with these systems. Meanwhile there is a company which right now is constructing a purification plant. This plant will purify at least 67,000 cubic meters of water during its initial stage, and later on will purify a total of 100,000 cubic meters of water per day.

This quantity is sufficient because we know that the city of al-Ta'if will be needing a total of 50,000 cubic meters [per day]. We have already taken into consideration the fact that the population will increase in the future. I would like to give you an idea how large the project is:

Contract 1. Section S-1 covers the area west of Wadi (Wj). This area will have water, sewage, nonpotable water, and water drainage systems--as the first section of the area. This project now has been turned over to a large specialized Saudi firm, and its cost will be about 649 million riyals.

Contract 2. The area involved is east of Wadi (Wj) and includes water and sewage systems as well as a nonpotable water and flash-flood drainage system. Implementation on this project has been going on for about 4 months. It is being implemented by an international firm, and its total cost will be \$186 million. Its period of implementation will be about 48 months. This includes a 3-year experimental period for the purpose of trying out these lines. The length of the pipelines for the projects in S-1 and S-2 are as follows:

The potable water pipelines - 586 kilometers.

The nonpotable water pipelines - 593 kilometers.

The sewage pipelines - 510 kilometers.

For our inspection teams we have about 30,000 inspection chambers. Contract 3. This involves area S-3, and the project includes the construction of a plant for storing sewage water, the construction of water tanks for the storage of both potable and nonpotable water, the construction of pumping stations, and the construction of a sewage water recycling plant--the total cost of which will be 582 million riyals. Implementation of this project has been going on for about 5 months, and the period of implementation will be 36 months. Within these 3 years the city of al-Ta'if will be an integrated city [as far as water projects are concerned] and the city will be able to accept the desalinized water which will come to it. The firms which we are dealing with [concerning these projects] are large international firms specializing in this field. The inhabitants of al-Ta'if will be suffering from the fact that their city will be turning into a large workshop, but all of this work which is necessary will be completed by a single deadline. [The projects involved deal with] flash floods, sewage, potable water, and nonpotable water. We hope that the citizens of al-Ta'if will bear with us during these 3 years. According to the study which has been prepared, and judging by the technology to be utilized, the city of al-Ta'if will become--God willing--one of the best cities in Saudi Arabia, if not one of the best in the whole Middle East.

#### The Matter Is Still Being Studied

[Question] There is a trend favoring transforming the Department of Water [and Sewage] into a corporation. What reason would there be for this transformation?

[Answer] Al-Sulayman: We are a department which is linked to the civil [service] plan system. And, thank God, there is no objection to this with regard to the implementation of the projects. However, we aspire to have more freedom of action both as employees and as engineers. When young Saudis start to work with us, they receive salaries of 5,000 or 6,000 [riyals], depending on their graduation status. But if such young Saudis, for example, go to work for the Water [Supply Maintenance Division in Jiddah] or for a desalinization project or work for Saudia Airlines, they receive salaries much higher than this. The result is that I have a shortage [of good employees]. I have a shortage of qualified Saudi personnel because all of them, of course, are interested in looking out for their future. For this reason you find people wanting to work for corporations rather than for other organizations. The same thing occurs when it comes to retired people. I would like to hire the best possible retired people and the best possible Ph. D.'s. I cannot offer a salary of 5,000 [riyals] to a Ph. D. However, when these same Ph. D.'s go to corporations, they offer them 20,000 or 25,000 riyals. This idea was started, it was submitted to the

Council of Ministers, but it was rejected. The number of employees which we have is as follows: In Mecca we have about 800, in Jiddah we have about 600, and in al-Ta'if we have about 400. Very few of the engineers are Saudis.

Al-('Arinan): We in the Water [Supply Maintenance Division in Jiddah] have exactly 1,070 employees in Jiddah, Wadi Fatimah, and Khulays. Few of our engineers are Saudis.

Average Daily Distribution of Water in Jiddah in 1402 A. H. [1982] (in millions of U. S. gallons per day)

<u>Month</u>	<u>Wadi Fatimah</u>	<u>Wadi Khulays</u>	<u>Desalini- zation Plant</u>	<u>Total</u>
Muharram	6.194	1.407	36.343	43.944
Safar	6.589	1.376	38.312	46.277
Rabi' I	6.635	1.420	41.293	49.348
Rabi' II	6.821	1.389	37.344	45.554
Jumada I	6.432	1.366	38.573	46.371
Jumada II	5.503	0.710	41.163	47.376
Rajab	7.158	1.716	44.263	53.137
Sha'ban	8.097	3.745	41.288	53.130
Ramadan	6.540	1.220	50.698	61.458
Shawwal	5.944	3.716	54.314	63.974
Dhu al-Qa'dah	4.845	2.427	63.498	70.770
Dhu al-Hijjah	5.400	2.244	48.976	66.620

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REPORT ON SYRIAN TOURIST SECTOR

Paris AL-MUSTAQBAL in Arabic No 304, 18 Dec 82 pp 57-59

/Interview with Nawras al-Daqr, Syrian minister of tourism in London: "Tourism is a National, Political, Social and Economic Factor"; date of interview not given

/Text Syria's participation in the "Tourism World Fair" in London was in itself an exciting event. It was made even more so by the large and prominent attendance, both in and outside the Fair, by the presence of Dr Nawras al-Daqr, the press conference he held and the luncheon that followed, inspired by the "Ghulah of Damascus" and the nights of "Dummar" and represented by dances of the Syrian Popular Band. The latter had also participated in the international dance program on the stage of the World Fair itself.

It is worth noting that this was the first time Syria maintained such a high profile at a world fair of that magnitude held in the "capitalistic" world, a fact which caused some to ask questions and look for answers.

Within this framework, AL-MUSTAQBAL called upon Minister al-Daqr, and had the following conversation with him.

/Question Syria's new activities in Europe which appear to be informative touristic propaganda, has attracted much attention. Would there be a new Syrian policy towards the West, for example?

Minister al-Daqr replied:

The truth is that tourism draws a lot of attention from the Syrian leadership, in particular from President Hafez al-Assad. Until now Syria did not have the basic elements needed for a touristic growth, in a suitable and correct manner, worthy of its resources. Large sums of money were spent in developing touristic facilities. Hotels were built at a time when the private sector was not prepared to build such large structures; so they became the government's responsibility. All this of course, for the purpose of developing tourism in Syria. In the year 1982, touristic propaganda for Syria in the world started.

/Question Why was this particular time chosen?

/Answer/ This is in fact, the first year. Of course, it was all planned before and the reason, as I explained, is the availability of the touristic elements; afterwards, the promotion starts. Some steps were delayed due to several factors, among them, the circumstances which faced Syria and the financial capabilities. Some projects were delayed as a result; otherwise, our campaign could have started at the end of 1980. Now we are promoting Syria in the international tourist market, and this is the first official Syrian emergence to the world. We started unofficially by taking a step in Brussels two weeks ago, and we will take an even smaller action than this in Holland. The third step will be in Paris during the month of February next year, then in Berlin, in March. Through these demonstrations, we try to shed light on Syria's touristic resources; or on Syria as a touristic country, through our many natural assets in terms of historic art and the vast cultural heritage.

/Question/ Is the purpose of this move political or economical?

/Answer/ In fact tourism cannot be isolated from economics and politics; it is political and social as well as a nationalistic and economic effort.

/Question/ And are Syria's and the Middle East's current circumstances suitable for such an extensive touristic activity?

/Answer/ I want to say clearly that there is no connection between the Middle East political situation and our present touristic information and media effort. We are out in the world on the basis of tourism, introducing our country and its touristic cultural and natural assets for a touristic purpose.

/Question/ Can one say that what you are doing now is reshaping Syria's image in the world for some reason?

/Answer/ Not at all. And there is no relation between this and our touristic activity. What I meant, is that we wanted to clarify Syria's touristic image in the world. What are Syria's assets and what does it possess? As a matter of fact, Syria has large assets. Experts believe that it ranks first in the world in touristic wealth and versatility followed by Turkey and then Iraq and by far Egypt and other countries, in terms of environmental variety and archeological findings. This is what we want to show the world by coming out here.

/Question/ It was thought that Syria depends largely on the Arab tourist; in this respect, how was the tourist situation last year?

/Answer/ In reality, tourism from the Arab world is second only to domestic tourism.

/Question/ You say that Arab tourism comes after internal tourism, by which you naturally mean the movement of people within the country. However, this movement is not considered to be tourism, in the sense that it does not bring in hard currencies, for example into Syria.

/Answer/ We believe it indirectly brings currencies into the country in that the Syrian tourist who does not spend his vacation at home spends his money abroad, which is a loss to us, or we consider it a loss. In this respect, internal tourism limits or reduces departing citizens.

I also want to stress the fact that the year 1981 and 1982 cannot be considered a standard due to the past events in the region, some of which were reflected in the internal situation of Syria. The Israeli invasion of Lebanon which took place at the peak of the tourist season, affected tourism in the whole area.

/Question/ Some say that Syria benefited from Arab tourists turning away from Lebanon, but you say that what happened in Lebanon harmed Arab tourism in Syria, how?

/Answer/ In reality, Lebanon's situation affected Arab tourism as a whole, and limited the internal tourist movement within Syria. So for Syria, this was more harmful than beneficial. I also want to clarify that touristic activity in Lebanon is very important to us. We care for Lebanon's security and for its touristic revival. In the field of tourism, countries cannot live in isolation especially brotherly and friendly neighbouring countries. The tourist who visits Lebanon visits Syria and vice versa, considering that both constitute one region in terms of nature, environment and geographic location as well as with respect to the culture and common heritage. When tourism in Lebanon was affected, tourism in Syria was too; and when tourism turned away from Lebanon, it also turned away from Syria. Syria will not usurp neither Lebanon's place nor its tourism.

/Question/ It is as if you were saying that when Lebanon's tourist rates dropped, so did Syria's... Do you expect that should peace return to Lebanon, Syria's tourism would be revived?

/Answer/ Of course... I would like to say that Lebanon was definitely the leading tourist country, in proportion to area and population among all Arab countries. In the year 1974, for example, Lebanon attracted about one and a half million tourists excluding Syrians, and had another one and half million from Syria alone. Lebanon's touristic resources and assets are an extension of Syria's: one coast is a continuation of the other, the mountainous chain is the same; in other words, the two countries complement each other touristically. For example, the Phoenician civilization is spread over the Lebanese and Syrian coast, and all civilizations treaded both places.

Obviously tourism in the whole area was affected by what happened in Lebanon. The Israeli invasion this year has affected tourism in the whole region including even Cyprus.

/Question/ Who has priority in Syrian tourism, the Arab tourist or the foreign one?

/Answer/ You asked at the beginning of our conversation whether we look at tourism as a political factor or an economic one; I said that we look at it

as a nationalistic, political, social and economic factor. I see tourism as the main factor for interaction, through which understanding and friendship among nations can take place. From that angle, we see tourism as a priority and therefore we are interested in all tourist exporting countries. Through tourism, understanding between nations becomes possible: one can understand the other's position and keep away from the artificial antagonism that appears occasionally between us and our Arab brethren. True, tourism is a non-political factor but it is an important factor in establishing understanding and winning friends. Syria may, in the near future, combine all touristic requirements.

/Question/ With respect to the Arab world, are the priorities purely economical or political or both?

/Answer/ In my opinion, one cannot separate between the two. Economically speaking, tourism is an important factor and, at present, it is considered the second industry. According to studies made, tourism will be number one in terms of entering into the world.

/Question/ You are currently making a touristic effort in Western Europe; are you undertaking a parallel effort in the Arab World?

/Answer/ Yes, We are saying this is our first emergence in the touristic world market. However, our first appearance was Jeddah, where we held a similar exhibition.

/Question/ How do you attract the Arab tourist, who differs from the foreign tourist in terms of his expectations and interests; and what, in your estimate, are the requirements of the foreign tourist, for example?

/Answer/ No doubt, there is a large difference between what the Arab tourist desires and what the foreign tourist wants. The foreign tourist wants the sun, relaxation and archeological sites. The Arab tourist looks for summer vacationing and rest; he likes cool areas and the seaside which are abundant assets in Syria, although some probably need developing. The State, however, continues to build up all touristic fields. The relation between development and tourism is merely a semantic one, for tourism cultivates and enriches development areas. But general planning is necessary to provide the needed infrastructure, and this is what we did and continue to do.

/Question/ Does Syria have a plan for accommodating a certain volume of tourists, in comparison to what is happening in neighbouring countries, such as Jordan for example?

/Answer/ Syria now receives scores of tourists who come to the region or who come specifically to Syria. This takes place in cooperation with either Syrian travel agencies or foreign agencies. We have now started to intensify our marketing towards Syria as a destination and we are prepared to receive what comes. There are for example foreign tourists who come from the gulf to spend their vacation in Syria. Also, lately, tourist groups have started coming to us from the Far East, particularly from Japan, which is becoming

the leading tourist exporting country, as you may know. No doubt, there are groups exclusively for Syria, others shared with Jordan or Cyprus, Turkey or other participating countries.

/Question/ Obviously some countries resort to reduced travel fares by lowering ticket prices on their own airlines. Israel did this all along regardless of El-Al's bankruptcy. Nevertheless, the price of tickets to the Middle East remained very high despite the fact that some countries in the region suggested lowering them. Do you have any plans to resort to a reduction of prices on Syrian Airlines for example?

/Answer/ The national airline company in any country is the main factor in encouraging tourism. Of course Syria is taking intensive steps to encourage tourists as I have mentioned. Coordination is underway with the national airline in Syria to have a large share in carrying tourists to Syria. Countries around us, and not only Israel, try to establish substantial incentive pricing for tourist groups. Syrian Airlines also has encouraging prices and I do not want to call it competitive for fear of breaking international regulations. It is possible to obtain with Syrian Airlines touristic prices which are within the reach of every citizen from the tourist exporting countries.

/Question/ The Syrian Airlines and the Jordanian Airlines "Alia" used to cooperate in running trips to the United States. What happened to that cooperation?

/Answer/ The cooperation still exists and it helps in bringing a number of tourists through Jordan, but this depends on the package deal. For example, some tourist groups spend a few days in Syria and a few in Jordan.

/Question/ Is there any kind of coordination between touristic institutions in the public and private sectors of both Jordan and Syria to attract and bring tourists to the two countries?

/Answer/ Organizing tourism is a purely commercial activity. The state no doubt encourages and regulates it in one way or another, but it remains a commercial activity carried out by private travel agencies; and we believe coordination is a must. I must add that tourism cannot be marketed by one country alone for several reasons. For example, the cost of an individual trip is very high due to the distant location with respect to tourist exporting countries. In order for a tourist to reach our region, he must use most of his travel money indeed; by doing so, his priority is to see and visit a large number of countries in the area. This is why the tour organizers try to include as many of these countries as possible in one program to make it more marketable and saleable. This point is emphasized by countries that are smaller in size, like Cyprus for example, where a tourist may face boredom after being there one week and becomes interested in seeing more. Therefore coordination is a must and should always take place between travel agencies for the provision of group tours.

/Question/ Are you saying that, by understanding this situation, some Arab countries are keeping away their political differences from their common touristic interests?

/Answer/ In reality, in dealing with this subject, we are guided by our national and domestic interests. We do not object to but rather encourage common tourist programs with the brotherly countries.

/Question/ What are for example the common programs between you and the Arab countries?

/Answer/ Tourist activity, as I mentioned, is a commercial activity carried out by the private sector. Usually, the tours are organized by the international agencies in cooperation with the local tourist offices; of course, there are local agencies which organize tours and try to sell them to the international agencies. In the present market, there are many proposed programs combining Syria with either Jordan, Cyprus or Turkey. There is also a tri-lateral tourism agreement joining together Syria, Lebanon and Jordan.

/Question/ Does Syria undertake the construction of hotels or rest areas in remote archeological site areas, spearately from the private sector, or is there a joint program between the private and public sectors?

/Answer/ In fact, Syrian laws encourage the private sector to build tourist projects. The State also undertakes tourist projects and invests some funds for the purpose of developing tourism. The State is the larger of the two, and has in fact built international hotels; however, it is encouraging the private sector to follow suit. These projects may be operated by international companies, and some are managed by the private sector even though they are owned by the State. As a matter of fact, the State has built certain projects to cover the lack of five-star hotels, given their prohibitive cost which the private sector is unable to cover. The State has encouraged private sector investment in tourism and the establishment of joint companies such as the Syrian Arab Company for tourist establishments and the Syrian Arab Company for tourist transportation and marketing. Twenty-five percent of the capital is owned by the State and the rest is distributed into shares held by citizens. Furthermore, in some companies Arab capital holds some shares.

/Question/ Certainly, currency values affect any country's attraction to tourists. When currency values drop, more tourists are drawn. Is there any thought of devaluating the Syrian pound within your touristic programs?

/Answer/ In fact, the Syrian pound is among the most stable currencies; this year there were many fluctuations in the currency markets, but the Syrian pound value remained stable, even more so than the German mark or the Swiss franc.

/Question/ Now, what do you expect from participating in this World Fair, where you made a special and noticeable contribution?

/Answer/ Officially, we wish to shed light on Syria as a tourist country with respect to its natural assets, history and archeological sites as well as its cultural assets. Therefore, our participation includes music and dance groups and the rest is commercial participation by the international commercial sector.

In reality, I am very optimistic about the results of our participation in this fair. Syria has not advertised itself before, although it enjoys great assets, as I have mentioned, and should play its natural role in the East Mediterranean region. We have asked ourselves, why doesn't Syria occupy that place and the answer was: planning, action and advertising. We plan into the future; the tourist industry is not bound by present circumstances; conditions change and transform but a country's touristic potential, assets and resources remain unchanged.

I would like to add another point to what I have already said: you have brought up the question regarding the effect of the events in the area on tourism. In reality, in any country, internal security plays the main role in encouraging tourism. Syria is at present the safest country in the area. Tranquility, stability, and the absence of criminal acts, even minor ones such as theft, provide the right setting for anyone seeking rest and tranquility or anyone wanting to meet people, whether they come from East or West.

12284  
CSO: 4404/144

GANDHI: OPPOSITION PLAYS INTO FOREIGN HANDS

New Delhi PATRIOT in English 27 Dec 82 p 1

[Text] Bangalore, Dec. 26 (PTI).

Prime Minister Indira Gandhi warned the people today to beware of the opposition parties, whom she accused of playing into the hands of foreign powers, which were trying to weaken the country.

Mrs Gandhi, who was addressing a series of public meetings in the second phase of her election tour of Karnataka, said the opposition parties were coming in the way of developmental programmes by creating hurdles in the form of gheraos, agitations and strikes.

The Prime Minister referred to mounting military and economic pressure on developing nations from the big powers and appealed to the people to cooperate with the Government in making the country strong. She said because of balanced economic policies and smooth administration provided by her Government, India was held in high esteem abroad.

Mrs Gandhi said threats of war were hovering over the world and there was military build-up in India's neighbourhood. In such circumstances she said, forces opposing the Government were playing into the hands of foreign powers. "To weaken the Congress at this juncture is not in the interest of the country", she added.

At Shahabad, 35 km from Gulbarga, Mrs Gandhi said poverty could be removed only by hard work and by people's involvement in increasing production. It could not be removed by a magic wand.

She also criticised the Opposition for not allowing her party to implement its pledges to the people to eradicate poverty; they were creating impediments by resorting to agitation, she said.

Addressing a meeting at Bijapur, Mrs Gandhi said her Government had through the 20-point economic programme brought many problems facing the country could be solved only if the country had a strong and stable government, she said. [as published]

Mrs Gandhi said cordial relations between the States and the Centre was a must for successful implementation of the new economic programmes and rural development schemes.

At Gadag, referring to the allegations of corruption removed many high officials, who had proved to be corrupt. But during its rule the Janata Party had not removed even a single officer although the charges of corruption had been proved against many of them.

CSO: 4600/1524

CPI-M TO COORDINATE EFFORTS FOR AKALI SOLUTION

New Delhi PATRIOT in English 27 Dec 82 p 1

[Text] Jullundur, Dec. 26 (UNI)--The Communist Party (Marxist) has decided to coordinate the efforts of all the national level political parties in finding a solution to the Akali-Centre tangle.

CPI-M politburo member Harkishan Singh Surjeet told newsmen here tonight that the coordination effort would be made immediately after the January elections to the State Assemblies.

Mr Surjeet's services had earlier been sought by the Centre in October to find a solution to the tangle.

Mr Surjeet, who is also a member of the Rajya Sabha said the CPI-M would not accept any such solution to the Punjab problem which smacked of 'yielding to extremist elements in the State'.

Asked to comment on the reported statement made by Prime Minister Indira Gandhi during an election rally in Tripura that the CPI-M was instigating extremist elements in Punjab, Mr Surjeet said there could be nothing more 'dishonest' than this statement.

The CPI-M leader said his party had always been against the extremists and has fought more vigorously against them 'politically' than even the ruling Congress-I party which, he said, had been fighting on an administrative level only.

He said there was no official mediator other than former Foreign Minister Swaran Singh and all others who were making efforts to find a solution to the tangle were doing so on their own.

Mr Surjeet was here to preside over the meeting of the party State secretariat which reportedly discussed the State situation tonight.

Meanwhile Akali Dal president Sant Hanchand Singh Longowal said in Amritsar that the party would fight a decisive battle on its demands after 26 January.

Addressing a congregation Sant Longowal said the new 'broadbased' programme would be finalised after the forthcoming convention of Sikh intellectuals on 9 January next and a youth Sikh convention on a later date.

Commenting on Chief Minister Darbara Singh's statement in Hyderabad that he would take the Akali leaders 'safely to Delhi', for talks, Sant Longowal describing it as 'ridiculous' said 'we know how to go to Delhi and also knew the way how to bring them here (Amritsar).'

The Sant warned the Punjab Government for 'ill treatment' of volunteers in jail and alleged that some youth volunteers were beaten up by jail staff in the Amritsar central jail yesterday.

CSO: 4600/1524

## GANDHI ADDRESSES HARIJAN, ADIVASI MEETING

Calcutta THE STATESMAN in English 28 Dec 82 p 9

[Text] Jyoteshwar (M.P.), Dec. 27. The Prime Minister told a meeting of Harijans and Adivasis here today that "our first duty is to secure justice for those people who are still languishing in poverty", reports PTL.

"We are resolved to doing so and are already working for it," Mrs Gandhi said. She arrived here this afternoon for puja and darshan at the newly-built Rajarajeshwari Tripura Sundari temple.

Mrs Gandhi said: "There are many good features in our religion but some people have a narrow view of it. Religion teaches us that we should treat all as equals and respect human values. It is precisely because of not following this that our tribal brethren have had to live in the forests."

"Our country", she said, "is very vast and we have been trying continuously to bring about all-round development. We have been working for the economic development of the country, but this is bound to take time. Some people try to put impediments in this task. It has been our sustained endeavour to rise above difficulties and work to banish poverty and misery from the country and move ahead."

Mrs Gandhi said that she had resolved in her childhood to dedicate her whole life to the service of the country. She appealed to all those present to endeavour to work for the development of the country to make it strong and progressive.

Earlier, on arrival here by helicopter from Nagpur, the Jagatguru Shankaracharya Swami Swaroopanand received the Prime Minister and blessed her.

The Prime Minister, the Swami said, was ushering in a new era in the country and was creating history. She was a model Prime Minister, he said. He prayed to God to grant her strength for the success of her endeavour.

The Shankaracharya Shri Abhinav Vidyateertha, who also addressed the Adivasis, called upon them to strengthen the hands of the Prime Minister to make the country strong and prosperous. The tribals, dressed in colourful

clothes, gave the Prime Minister a traditional welcome on her arrival at the venue of the conference.

The Prime Minister arrived here ahead of schedule and was received at the helipad, among others, by the Governor, Mr Bhagwat Dayal Sharma; the Chief Minister, Mr Arjun Singh; the Union Minister, Mr Gargi Shankar Mishra; the Minister for Public Works, Miss Vimla Verma; and the Minister for Forests, Mr Ajay Narayan Mushran.

CSO: 4600/1528

## ORISSA OPPOSITION PARTIES MERGING WITH JANATA

Calcutta THE STATESMAN in English 10 Jan 83 p 1

[Text] Bhubaneswar, Jan. 9--Opposition parties in Orissa today moved a step further towards unity when the Congress(S) unanimously decided to merge with the Janata Party at the State level, report UNI and PTL. The merger process had started in the State on New Year's Day when the Orissa Lok Dal president, Mr Biju Patnaik, announced his party's merger with Janata at the State level.

Mr Patnaik has since been nominated by the Janata chief, Mr Chandra Shekhar, president of his party's Orissa unit.

Today's Orissa Congress (S) decision was taken at its State executive meeting here. The PCC(S) chief, Mr Jogesh Chandra Rout, presided. The former Chief Minister, Mr Binayak Acharya, the former AICC general secretary, Mr Banka Bihari Das, Mr Sourindhri Nayak, former MLA, Mr Shivananda Roy and the party's State unit general secretary, Mr Shanti Das, among others, attended the meeting.

The three DCC(S) presidents, who could not attend the meeting, are reported to have sent their written consent to the merger.

The party will formally announce the merger decision at a press conference here tomorrow, according to Congress(S) sources.

Mr Banka, Bihari Das told reporters later that in view of the "unanimous decision" of the Orissa Pradesh Congress(S) to merge in the Janata Party, to which he was a party, he had resigned from the Working Committee of the AICC(S).

A resolution adopted at the meeting said that in view of the political situation in the country and in the State, it was felt that it would be of no use continuing with the political party called Congress(S).

The resolution, copies of which were released to the Press, said the State unit of the Congress(S) had earlier passed resolutions favouring unification of democratic Opposition parties at the National level, but since the national leaders failed to do this, it had now decided to go in for merger at the State level.

The meeting authorized Mr Rout, Mr Shanti Das and Mr Acharya to meet Mr Chandra Shekhar, Mr Biju Patnaik and other Janata leaders to finalize the modalities of the merger.

Mr Patnaik, who was till recently president of the State unit of the Lok Dal and has been nominated president of the Orissa unit of the Janata Party by Mr Chandra Shekhar, has convened a meeting of the erstwhile Orissa Lok Dal and Janata here on January 16.

Leaders of the State Congress(S) are understood to have been invited to attend the meeting. Mr Chandra Shekhar is likely to attend it.

Two former Lok Dal leaders, now in the Orissa Janata Party, today welcomed the Janata-Kranti Ranga merger in Karnataka.

Mr Srikanta Jena, MLA, in a statement expressed the hope that the merger would help revive the "spirit of 1977", and that the other States would follow suit.

In a separate statement, Mr Asoke Das, MLA, described the Janata-Kranti Ranga merger as "a healthy development" and demanded that the Karnataka Governor immediately call the united party in the State to form a Government.

CSO: 4600/1572

## CONGRESS-I LEADERS MAKE POST-ELECTION STATEMENTS

Calcutta THE STATESMAN in English 10 Jan 83 p 1

[Text] New Delhi, Jan 9--On the eve of the Congress(I) Central Parliamentary Board meeting which will undoubtedly take stock of the party's poll reverses in the South, before proceeding to make nominations for Assam, Meghalaya and Delhi elections, two party general secretaries today pronounced that "regional and local issues overshadowed national issues in the southern elections." They were, however, sure that the voting behaviour of the people in the North-east and in Delhi would be different.

In morale-boosting statements for party workers, Mr C.K. Moopanar and Mrs Rajendra Kumari Bajpai contended that the Congress(I) had not suffered a loss of popularity in 1982 when compared to what it was in 1980. According to Mrs Bajpai, whereas voters' preference for a regional party was perceptible in the South, in the North-east more States and more people were discarding regional parties and opting to join the "mainstream" of national life by voting for the Congress(I).

Mr Moopanar's statement was aimed mainly to controvert the argument advanced by the Bharatiya Janata Party leader, Mr Atal Behari Vajpayee, that the Prime Minister should resign because the people in the two bastions of her strength, Andhra Pradesh and Karnataka, had voted against her.

Mr Moopanar said: "It does not require much wisdom to realize that the issues involved in election to State Assemblies are completely different from those involved in election to Parliament.

"Any discerning observer would have noted that regional and local issues overshadowed national issues in these elections. The near-complete rout suffered by national level Opposition parties in Andhra is a clear indicator of the local nature of the issues which influenced the voter in that State. To see in the result of these elections a referendum at the national level is, to say the least, amusing. The stand taken by Mr Vajpayee is against all norms of democratic principles and propriety. Results of elections to the State Assemblies have no bearing on the election to Parliament."

Mr Moopanar also talked about "the amazing arithmetic" used by Mr Vajpayee while analysing the results of the elections. He said in Kerala, West Bengal and

Tripura, the Congress(I) had shown a distinct improvement in its performance. In West Bengal in the 1979 Assembly elections, the Congress(I) had won only 20 seats with 20% votes polled in its favour. In the 1982 elections, the party won 49 seats and increased its percentage of votes polled to 36.

In Tripura in 1977, the Congress(I) did not have a single seat in the Assembly, but in the recently-concluded elections, it bagged 12 seats, making a heavy dent in the hitherto Opposition stronghold. In Kerala, after being in the Opposition for a number of years, it was able to win back the confidence of the people and form a Government. In Haryana, the number of seats that the party had won in 1982 was equal to the number it had won in 1980.

Mr Buta Singh, AICC(I) observer, said today disciplinary action would be taken against those party workers who indulged in anti-party activities during the Karnataka Assembly elections, adds PTI.

CSO: 4600/1572

GUJARAT CONGRESS-I REBELS FORM NEW PARTY

Calcutta THE STATESMAN in English 27 Dec 82 p 1

[Text] Ahmedabad, Dec. 26.--The break-away group of the Congress(I) today formed a new party, the Rashtriya Congress, with Mr Ratubhai Adani as its president at a State-level convention here of dissident Congressmen in Gujarat, reports PTI.

More than 2,500 Congress workers, who had resigned from the Congress (I), applauded as the resolution appointing Mr Adani president was passed unanimously at the convention.

The resolution, moved by the former Finance Minister, Mr Jashwant Mehta and Mr Jagdish Patel, Congress leader of Baroda, also empowered Mr Adani to frame the constitution of the new party and appoint district-level committees.

Besides Mr Magan Barot, Mr Mahipatrai Mehta, and Mr Kishore Mehta, all M.P.s, many prominent Congress leaders attended the convention.

The political resolution adopted at the convention charged the State Government headed by Mr Madhavsingh Solanki with breeding corruption and inefficiency and said political and social life in Gujarat was disintegrating.

The resolution, moved by Mr Mehta and Mr Barot, said unemployment had increased considerably among labourers in the urban areas and among farmers in the rural areas owing to the power crisis in the State.

Criticizing the implementation of the Urban Land Ceiling Act, the resolution alleged that the act was being misused by the Government and that poor and landless people had not benefited from it.

UNI adds: Mr Adani said today that he would never contest any election for office or power.

CSO: 4600/1521

## NAXALITES REPORTEDLY ATTEMPT TO REBUILD PARTY

Calcutta THE STATESMAN in English 27 Dec 82 p 9

[Text] Trivandrum, Dec. 26.--Drawing lessons from the setbacks suffered 15 years ago by the Naxalite movement in the country since Naxalbari, hailed by the Chinese as a "spring thunder over India", the Central Reorganization Committee of the Communist Party of India (Marxist-Leninist) is attempting to rebuild the party for "a new phase", reports UNI.

In an analysis of their experiences, made after detailed discussions at the district and State levels and brought out in the form of a document early this year, the CRC says that despite the "serious mistakes" committed under Charu Majumdar's leadership, the revolutionary programme evolved by him still forms the "basis" for the party's political and organizational line.

The 164-page document, "Towards a New Phase of the Spring Thunder", analyses all the important Naxalite struggles in the country and concludes that the process of "rectification" initiated by Charu Majumdar has to be continued for the successful reorganization of the party.

Explaining the "achievements and setbacks" of the Naxalite movement and the factors that led to the fragmentation of the CPI(M-L), the document lays down the following ideological and political premises as the basis for the unification of the party:

Uphold "Marxism-Leninism-Mao Zedong thought"; oppose the "Deng-Hua clique" which "usurped" power in China after the death of Mao; uphold armed struggle as the main form of struggle and all other forms of struggle as complementary to it; oppose the Albanian Communist leadership which "betrayed" the international Communist movement and uphold the proletarian revolutionary line of Charu Majumdar.

Analysing the causes of the setbacks, the document says almost all the struggles--Naxalbari, Srikakulam, Debra-Gopiballavpur, Lakhimpur-Kheri, Mushahari, Birbhum and Bhojpur--suffered reverses and could be put down by the State because of "serious political and organizational mistakes" of the party line.

On several occasions, it says, the party's line "deviated" to the Left in dealing with specific issues. This deviation mainly centred on the question of relationship between armed struggle and other forms of struggle. While in the beginning, armed struggle was considered the principal form of struggle, with other forms of struggle complementing it, a gradual shift took place towards an "one-sided emphasis on armed struggle and neglect of other forms of struggle".

During the Srikakulam struggle, for instance, a "dangerous idea" was advanced that mass movements and mass organizations were obstacles to the development of armed struggle.

In Naxalbari, Mushahari, Lakhimpur-Kheri, Debra-Gopiballavpur and Srikakulam, the document says, the peasant armed struggles initially took a mass character. But when guerrilla struggle was counterposed to mass struggle and mass movements were neglected, the support of the masses naturally dwindled and the party was "isolated" from the people, making it all the more easy for the State to launch "a massive encirclement and suppression campaign".

It says another failure of the party's campaigns was the absence of a concrete programme, both political and economic, accompanying the guerrilla struggle. In the absence of an economic programme, the concept of "political power at the local level" became an "abstract, hollow slogan" which could not rally the masses for long.

The party, the document says, also placed one-sided emphasis on "annihilation of class enemies". As part of a concrete programme to establish political power at the local level, "annihilation" could be an effective step, "under suitable conditions, and, if conducted properly". The fault of the annihilation campaigns is to be found in the absence of an agrarian programme. Because of this, the annihilations "degenerated into isolated killings".

It says the trend of laying one-sided emphasis on annihilations and rejection of all other forms of struggle was "unanimously" disapproved by the party congress. Hence, the attempts by some leaders of the breakaway groups to single out Charu Majumdar and lay all the blame on his shoulders emerged from an "opportunistic stand".

It asserts that the leaders of the CPI(M-L) who are voicing criticism now had "collective responsibility" in the mistakes committed by the party.

CSO: 4600/1521

## AKALI DAL PRESIDENT NOT FOR 'KHALISTAN'

Bombay THE TIMES OF INDIA in English 26 Dec 82 pp 1, 9

[Text] Amritsar, December 5: Sant Harchand Singh Longowal, president of the Akali Dal, said here yesterday that the Dal had not raised the cry for 'Khalistan' and had no faith in extremist activity or separatism.

He said that the Dal believed in the strength of the country. The Centre could be strong if the states too were strong.

Referring to the Thein dam, he said the Dal had been demanding construction of the dam for a long time. The Centre had not given the clearance. The result was that despite the treaty with Pakistan all surplus river water was still flowing to Pakistan.

About the grievances of the Dal, he said that Punjab had not been given any large industry. Prices of farm produce fixed by the government were not remunerative. There were several other acts of discrimination against Punjab.

When no solution was found to their grievances, the Dal launched a peaceful morcha. He assured the people that the morcha would remain peaceful in future also.

He thanked the Sikh ex-servicemen for their successful convention and for their resolve to fight the discrimination against Sikhs. He was happy to note that they had decided to participate in the morcha.

UNI adds: The Akali Dal (L) issued a poster here today containing an appeal to the Sikh masses by Sant Longowal to "give a befitting reply to the government at Delhi" for its "attack" on the "separate entity, philosophy and culture of the Sikhs".

The poster alleged that the Centre had betrayed the Sikhs by backing out of the promises it had made to the Sikhs on the eve of independence and refusing to recognise the independent entity of the Sikhs.

Jullundur (UNI): Buda Dal, a sect of Nihang Sikhs headed by Baba Santa Singh, has demanded representation on any committee discussing the enactment of an all-India Gurdwara Act by the Central government.

Buda Dal, which controls nearly 700 gurdwaras in Punjab, is locked in a dispute with the Shiromani Gurdwara Prabandhak committee. Mr. Sukhwant Singh Dhillon, Dal's press secretary, said: "Buda Dal does not recognise the Gurdwara Act governing the SGPC because it was enacted by the British".

Hyderabad (UNI): The Punjab chief minister, Mr. Darbara Singh, said here on Saturday that talks with the Akalis would be reopened after January 5.

He said the real problem was that the Akalis wanted to gain power through agitation instead of arriving at a solution through negotiations.

Bangalore (UNI): Col. Jarg, chairman of the AICC(I) ex-servicemen's cell, on Saturday appealed to Sant Longowal to "leave retired Sikh army-men alone" and not to expect any support from them.

In a press statement, Col. Jarg described as "absurd and vicious" the Sant's contention that thousands of Sikh ex-servicemen, including generals and colonels, had attended the specially convened ex-servicemen's convention at Amritsar on Thursday.

CSO: 4600/1519

## ANALYST WRITES ON BID TO WIDEN NONALIGNED MEET

Madras THE HINDU in English 21 Dec 82 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI, Dec. 20

As the preparatory work for the non-aligned summit in early March gets into stride, a lot of kite-flying is being done by various member States to widen its scope by getting a number of like-minded countries and even individuals involved in it.

A suggestion has been mooted by some countries that the present Swedish Prime Minister, Mr. Olof Palme, should be invited to address the summit in his capacity as Chairman of the Special Disarmament Committee, although there is no precedent for inviting individuals in their personal capacity to do so without prejudice to their governmental positions.

As one of the three guests from Western Europe, Sweden is entitled to send an official delegation to the open sessions of the summit, but not participate in the discussions. Mr. Palme is no doubt held in high esteem as an outstanding liberal statesman, but there is a marked reluctance on the part of several non-aligned countries to make an exception in his case since they do not want to set a precedent that could be misused in future to get some controversial personalities invited to the summit conferences.

**ASEAN move**

The move to secure an invitation to Prince Norodom Sihanouk in his personal capacity as one of the founders of the non-aligned movement is being backed by many more countries, but it is also being resisted by several others including India because of its political implications. The members of the ASEAN, which floated this idea, as an alternative to its suggestion that the coalition government headed by him should be permitted to take the Kampuchean seat at the summit, are receiving powerful support from some other countries including Pakistan.

The Chinese Prime Minister, Mr. Zhao Ziang, began today a ten-nation tour of Africa spread over four weeks to establish closer links with the third world on the eve of the forthcoming non-aligned summit. According to reports from Beijing, China was making no secret of its determination to muster all possible support for Prince Sihanouk's coalition Government and it is generally presumed that Mr. Zhao will be personally canvassing during his African tour covering Egypt, Algeria, Morocco, Guinea, Zaire, Congo, Zambia, Zimbabwe, Tanzania and Kenya.

The Chinese Premier passed through Karachi today on his way to Cairo and he will be overflying India on his way back from Nairobi to Beijing on January 16. The foreign diplomats are waiting to see whether there would be only a perfunctory exchange of messages, as was done when Mrs. Gandhi overflew China on her way from Tokyo to Delhi in August, or she would take the initiative to invite him to stop-over for a few hours as she did recently in the case of the Pakistan President.

Meanwhile, there have been some discreet pleas by some member countries that the guest list should be widened to reflect the new international realities and make the non-aligned movement even more relevant in the changing world situation. One of the suggestions is that even China

which has ceased to be an aligned country after terminating its alliance with the Soviet Union, should be invited to attend the summit as a guest.

The non-aligned community is more immediately concerned with the sharpening divisions within the movement over the Cuban-supported Nicaraguan move to get a resolution passed condemning the increasing U.S. involvement in it at the ministerial meeting of the coordination bureau in Managua which has been specially convened to discuss the Central American situation. In the wake of the recent improvement in its relations with Washington, India does not want to associate itself with any condemnatory resolution specifically directed against the U.S. except in very general terms deploring all foreign interference as it did in the case of Afghanistan.

There is still no finality about the list of observers or guests to be invited to the Delhi summit. The invitations will be sent out only after the coordination bureau meeting in Managua from January 10 to 14 has reviewed the Havana list and made the necessary changes in it.

The big powers, the United States and the Soviet Union, and their allies which are not entitled to be invited even as guests in the normal course are planning to send their representatives to Delhi to provide liaison with member countries and try to influence the summit decisions.

The reported Iranian bid to intensify the fighting with Iraq on the eve of the summit continues to cause concern. It could complicate matters if Iran tries to block the decision to have the next summit in Baghdad which has been agreed upon informally when the decision was taken to shift the venue of the current summit to Delhi.

CSO: 4600/1510

## NON-ALIGNED SUMMIT OFFICIAL MEETS WITH PRESS

Bombay THE TIMES OF INDIA in English 5 Jan 83 p 1

[Text]

NEW DELHI, January 4.

**A** MAJOR effort will be made to evolve a consensus on Afghanistan at the seventh non-aligned summit so as to avoid a show-down.

Afghanistan will be one of the four prominent political issues expected to figure at the five-day summit conference, beginning on March 7. The others are, which of the two Kampuchean governments will be admitted as a member of the movement, the Iran-Iraq war and the Palestine question.

Mr. Natwar Singh, secretary in the external affairs ministry, who has been appointed secretary-general of the summit, held a press conference here today that he would himself be involved in the efforts to evolve a consensus on Afghanistan.

Mr. Singh will be in Kabul towards the end of this month, when the special envoy of the U.N. secretary-general

will also be there. The two will also be in Islamabad about the same time during this month. It would provide them with an opportunity to try to narrow down the differences over the dispute, Mr. Singh said.

## BASIC UNITY

India was approaching the summit with "cautious optimism", he said. "We are neither optimistic nor pessimistic. It is the spirit of cautious optimism with which we are looking forward to the seventh non-aligned summit."

The non-aligned movement represented by 98 countries could not be "homogeneous", Mr. Singh emphasised. However, there was a basic unity and an identity of views on several important questions affecting the non-aligned world. "It is certainly not in a state in which, for instance, the OAU finds itself."

The areas of agreement were large in respect of the state of the global economy and the imbalances—to the disadvantage of the third world, on issues of peace and disarmament. The

emphasis at the conference would be on development with peace.

On the question of seating of Kampuchea, India, as the host country, was following the precedents. No invitation had been sent to either of the two governments. At the Havana summit, the Kampuchean seat was left vacant. It would be for the Delhi summit to resolve the dispute.

Mr. Singh said there were no precedents to inviting an individual to address the conference. He said this when he was asked about India's attitude to a demand that Prince Sihanouk, head of a rival government of Kampuchea, be invited to speak as one of the founder-members of the movement.

## SHORT DECLARATION

Asked whether Prince Sihanouk would be given a visa if he desired to come to Delhi, he said, "We will cross the bridge when we come to it."

The secretary-general said there was a unanimous demand from all member-countries that the declaration of the summit should be short and concise, drafted appropriately to provide it with a thrust emphasising the major questions before the movement. All efforts were being made to achieve this, he said.

With 98 member-delegates, 19 observers and 18 invitees scheduled to attend the conference, security arrangements are a major exercise being undertaken by the organisers. The Indian security authorities are in constant touch with their counterparts in countries which apprehend trouble at the conference. All possible steps are being taken, Mr. Singh said. "We have considerable experience in crisis management. So there is unlikely to be any problem."

On March 1 and 2, officials of the member-countries will meet. On the next two days, the foreign ministers will discuss the various drafts to be prepared for the conference. The heads of delegations will arrive on March 5 and 6. The next day, when the summit opens, Cuba, which is the current chairman, will hand over charge to the Prime Minister, Mrs. Indira Gandhi.

REFORMS PANEL HEAD 4 JAN LECTURE SUMMARIZED

Bombay THE TIMES OF INDIA in English 5 Jan 83 p 14

[Text]

MADRAS, January 4 (PTI).

MR. J. K. Jha, chairman of the Economic Administration Reforms Commission, has said that controls have become a major obstacle to the timely fulfilment of targets of planned development.

Delivering the sixth G. L. Mehta memorial lecture on the 'Role of bureaucracy in a developing democracy' under the aegis of the Institute for Financial Management and Research, Mr. Jha said the proliferation of governmental control tended to retard progress.

"Ours is not a laissez-faire economy. We have to have controls for planned development. At the same time, socialism is not synonymous with bureaucratic controls."

Pointing out how the departure from controls in cement and steel had a salutary impact on the economy, Mr. Jha said such an approach should find increased relevance.

Involving of a bottom heavy administration in the implementation of controls, Mr. Jha felt, resulted in delays and expenditure as, under such working, only the top management made the ultimate decisions.

He stressed the need for a more compact body of qualified staff who would make quick decisions on controls.

The controllers, on their part, should give either the red signal to stop or the green to proceed, but not to remain amber forever.

BETTER PAY

Discussing the essential conditions for the effective functioning of the bureaucracy, Mr. Jha called for pay scales for civil servants comparable to those in private and other sectors.

While a civil servant had a bungalow large enough to contain a golf course, he was often without enough sources to afford his son a decent education, Mr. Jha said.

The living conditions of civil servants could be improved if proliferation and wasteful amenities were halted. Poor pay was forcing many a civil servant to compromise on issues for material considerations.

On the standard of administration, Mr. Jha cited the Asiad as an evidence to its efficacy.

Referring to the deterioration in the working relations between the civil service and its political masters, he said that often the legitimate exercise of his responsibility by the civil servant was viewed by the minister as an attempt to obstruct his policies.

Mr. Jha also regretted that, at the district level, administrators often became the victims of motivated criticism by self-seeking politicians.

Audit reports dwelt always on the shortcomings and ignored the achievements. This tended to demoralise the bureaucracy. A charter on the role of the civil servant based on thought and debate would not only be beneficial to the nation but also keep the public image of the bureaucrat from being not tarnished as it is today.

CSO: 4500 1569

## M. K. REDDY PREDICTS CABINET RESHUFFLE BEFORE BUDGET

Madras THE HINDU in English 27 Dec 82 p 1

[Text] New Delhi, Dec. 26.

The controversial Railway Minister, Mr. Abdul Ghani Khan Choudhury, is expected to be given some other portfolio in the course of a mini-reshuffle of the Union Cabinet, possibly before the next budget session.

The Railway Board also is due for a shakeup after the Prime Minister, Mrs. Indira Gandhi, has looked into its style of functioning in the wake of the latest row between the Minister and the Chairman over their respective roles in running the railways and sharing responsibility for failures.

There are still some important ministries without Cabinet Ministers, like Steel, Commerce, Energy and Education, which are either being looked after as additional charges by other Ministers or left in independent charge of Ministers of State. A few more Cabinet rank Ministers or Ministers of State are likely to be inducted shortly to fill these vacancies or absorb them elsewhere in the course of the expected mini-reshuffle.

## Shock Treatment to Board

The rumpus in the Railway Ministry might hasten the process if only to create an early opportunity for shifting Mr. Ghani Khan Choudhury, before he causes further embarrassment to the Government. But the compulsive need to change the Minister might also compel the Prime Minister to administer a similar shock treatment to the Railway Board by removing the Chairman pending its reconstitution.

The policy hitherto has been to change the portfolio of the Minister or advise the Chairman to proceed on leave preparatory to retirement if they could not get along well. But the Prime Minister has not hesitated to sack both, as Mrs. Gandhi did in the case of Mr. K. Hanumanthaiya and Mr. B. C. Ganguli in 1971, when they clashed openly and placed themselves on a collision course much to the embarrassment of the Government.

in overtones

The latest cold war between the Minister and the Chairman has assumed some ugly overtones because of Mr. Ghani Khan Choudhary's sweeping allegations of corruption, pilferage and drunkenness, besides inefficiency, negligence and nepotism. The unions have resented these sweeping allegations and the operating staff feel insulted by the Minister's offending observations.

If the Prime Minister has not intervened to set things right, it is largely because of her total preoccupation with the Andhra Pradesh and Karnataka elections, not due to any tenderness on her part towards the Railway Minister or the Chairman. The Cabinet Secretary has been collecting the relevant material and preparing a full report for her information and necessary action.

The question of reorganisation of the Railway Board has been considered from time to time, but no serious thought has been given to it for various reasons. First of all, the Government has no clear idea of the respective roles of the Railway Minister, the Railway Board and the General Managers of the railway zones. The recurring frictions between the Minister and the Chairman can be traced to the absence of a clear-cut definition of their responsibilities in the operation of the railways, its higher management and political direction.

The Government is not going to take any abrupt decisions to abolish or reorganise the Railway Board or delegate more powers to the zonal general managers, until the railway reorganisation committee headed by Mr. H. C. Sarin has submitted its final report. All that it is aiming at present is to enforce some degree of institutional discipline down the line to avoid the kind of clashes between the Minister and the Board that have become a sad feature of railway life.

The Prime Minister has also been thinking of placing a senior Cabinet rank Minister in charge of all the scientific departments which require closer day-to-day attention. But she deferred the idea at the time of the last Cabinet expansion, since she could not find a suitable person. The search is still on for an experienced figure, with the requisite political background and personal temperament, to look after all these departments.

If she cannot pick one from the Congress (I) or induct an outsider who can bear this responsibility without creating problems for her, Mrs. Gandhi would prefer to keep these scientific departments under her for the present. These include the Departments of Science and Technology, Atomic Energy, Space, Electronics, Oceanography and Environment.

## R. RENDY EXAMINES ROLE OF FINANCE MINISTER

Madras THE HINDU in English, 26 Dec 82 p 1

(Text)

ONE of the most hazardous jobs in India is Finance Ministership at the Centre. The incumbent has to bear the cross often for decisions taken over his head and even without his knowledge at times. The point made by the former British Prime Minister, Mr. James Callaghan, at the Rajaji Memorial Lecture in Delhi last year—that Finance Ministers quit with good grace in time or are made to go in humiliation—was well taken by the assembled politicians in the light of the Indian experience.

In the British days, the Finance Member was reckoned to be the third most important figure in the government, ranking next only to the Viceroy and the Home Member on the civil side, while the Commander-in-Chief who functioned concurrently as Defence Member was directly answerable to the War Office in London. After Independence, the post got progressively downgraded losing much of its power and prestige as successive Prime Ministers started allocating key portfolios to political light-weights rather than top personalities in the party who were included in the Cabinet in their own right.

There have been 13 Finance Ministers in India in the last 35 years since 1947, after the nightmarish experience of this all-important portfolio being allotted to Liaquat Ali Khan as a representative of the Muslim League to offset the appointment of Sardar Patel as Home Minister on behalf of the Congress in the ill-fated Interim Government that paved the way to partition.

**Institutional damage**

The post-Independence appointees to this pivotal job ranged from political stalwarts, distinguished economists and experienced administrators who brought in a lot of lustre to it, to self-opinionated individuals, dogmatic obscurantists and pliable innocents who were ignorant of the dynamics of good financial management. The progressive downgradation of the post in the ruling hierarchy has done a lot of institutional damage to it.

There has been a lot of loose talk from time to time of splitting up the Finance Ministry to separate Revenue and Expenditure from Economic Affairs and Banking to enable those

entrusted with these independent responsibilities to give undivided attention to the tasks assigned to them. This was done for all practical purposes during the Emergency when one or the other Minister of State serving under the overall supervision of the Finance Minister was given independent charge of some departments by making him directly answerable to the Prime Minister within the framework of the then existing allocation of business of the Government.

The old practice was restored by the Janata with equally disastrous consequences in the sense that Mr. Charan Singh was able to utilise the vast powers to play havoc with his rustic economics during his brief interregnum.

**Traditions not built up**

The result is that the Finance Ministry has not been able to build up a sound tradition of its own with a well established reputation for competence and imagination in coping with the country's economic problems. The very first Finance Minister R. K. Shanmukham Chetty, had to quit within a year under the shadow of some invidious decisions in dealing with tax evasion. The second one, Dr. John Matthai, resigned in protest against the establishment of the Planning Commission, maintaining that it encroached on the powers vested in the Finance Ministry under the Constitution. The third, C. D. Deshmukh, left in anger over the handling of the linguistic riots in Bombay in the wake of the States Reorganisation Commission report.

Then followed Mr. Morarji Desai and T. T. Krishnamachari, until Lal Bahadur Shastri sprang a surprise and played the cruel joke of appointing Mr. Sachin Chaudhury, a successful lawyer but with no economic background, who was retained by Mrs. Indira Gandhi along with the rest of the team she inherited as a sort of stop-gap arrangement. The decision to devalue the rupee a second time on the advice of the IMF and the World Bank was taken during his tenure, without his prior knowledge by the "Kitchen Cabinet".

After the reverses the Congress suffered in the 1967 elections, Mrs. Gandhi was obliged

to bring back Mr. Desai as Deputy Prime Minister after he was kept out of the Government for several years following the Kamraj Plan, and entrusted with the Finance portfolio again.

### **Decline**

The real decline in the importance of the Finance Ministry began after his abrupt exit from the Government when Mrs. Gandhi relieved him of the Finance portfolio in a pre-emptive bid to thwart a gang-up of the old party leaders against her. But strangely enough she never brought back T.T.K. who was eased out by Shastri after his refusal to have the allegations made against him in a memorandum referred to a judge of the Supreme Court for advisory opinion. The procession of Finance Ministers that followed during the next 12 years included Mr. Y. B. Chavan and Mr. C. Subramanian before the Janata brought in Mr. H. M. Pate and Mr. Charan Singh and Mr. H. N. Bahuguna filed the gap for a few weeks before he left the caretaker government.

After Mrs. Gandhi's return to power in 1980, Mr. R. Venkataraman held the fort for two years, before he was moved to Defence to make way for Mr. Pranab Mukherjee, the present incumbent who was appointed barely six weeks before the presentation of the last budget. He has emerged as the second most important person in Mrs. Gandhi's Cabinet not because he is Finance Minister, but due to the great confidence she has come to repose in him in the handling of party affairs in the States. His personal equation with the Prime Minister has certainly helped to enhance his importance and provide in turn the much needed boost in restoring some of the lost elan of the Finance Ministry, although he has not been having his way in the matter of some key appointments under him.

In theory the Finance Minister is supposed to have the final say in the formulation of the budget, which is finalised in consultation with the Prime Minister especially in respect of taxation measures. But in practice a lot of pressure is brought to bear on him to accept both good and bad suggestions made by well-meaning as well as motivated persons. The bureaucracy itself acts as a dead-weight on the Finance Minister's ability to break away from the steric mould of conformity and come forward with some imaginative fiscal changes to encourage productivity and ease the tax burdens.

### **No role for party**

The procedures of Government are such that there is no scope at all for any in-depth discussion even in the inner recesses of the Cabinet system on the philosophy of economic management with the result that the budget itself becomes a mixed bag of *ad hoc* decisions taken at the last moment to comply with the deadline for its presentation to Parliament. This is a reflection on the decision-making process rather than the individuals responsible for taking the decisions.

The Prime Minister remains too preoccupied with other things to be able to give her undivided attention to budget formulation, while the Finance Minister becomes a prisoner

of his own predilections in the absence of proper professional advice. The party itself plays no part at all in the shaping of the economic policies of the Government.

It is against this general background that the mandarins of the Finance Ministry are now engaged in the budget exercise at a time when the country is faced with the cumulative impact of a slow-down of industrial growth, a possible gap in agricultural production, chronic power shortages, growing labour unrest, fall in tax collections, increasing public expenditure and the ugly prospect of a much bigger deficit. The global recession has also been affecting the Indian economy through a steady decline of its exports.

One should normally expect the Finance Minister to come forward with an imaginative budget as the Government enters the fourth year of its tenure since it would be too late to set right matters in the fifth year before facing the people again.

The Finance Minister was faced with a yawning gap in last year's budget, but he managed to narrow it down by issuing bearer bonds and also drawing 600 million SDR from the \$5.5 billions IMF loan, which still left a deficit of nearly Rs. 1,500 crores. The Government is worried that this deficit has already crossed Rs. 2,000 crores because of the fall in revenue collections and increase in public expenditure. What is worse, the Government has also exceeded by Rs. 900 crores the Rs. 5,500-crore ceiling fixed by the IMF for net bank credit to the Government.

According to latest figures obtained from official sources, the Central Government's expenditure on both current and capital account has gone up by a staggering Rs. 10,000 crores between 1979-80 when it was Rs. 18,500 crores and 1982-83 with a budgeted estimate of over Rs. 28,300 crores. The revenue realisation for the corresponding period has risen from Rs. 11,000 crores to Rs. 14,000 crores, an increase of only Rs. 3,000 crores.

The revenue picture for 1982-83 is rather gloomy because of an anticipated fall of at least 10 per cent due to the continued closure of the textile mills in Bombay, the strike in the Bharat and Koyali refineries, the power shortage in Tamil Nadu and Gujarat affecting industrial production, the decline of exports and the general impact of global recession. The pre-budget levies recently announced through a withdrawal of excise exemptions and increases in auxiliary customs duties are intended to yield a few hundred crores of rupees but the over-all budgetary position remains quite desperate.

In addition to the increased bank credits, the Government is borrowing another Rs. 1,600 crores in the form of market loans of which Rs. 600 crores have already been announced. The net interest payment for 1982-83 of Rs. 1,400 crores has registered an increase of nearly Rs. 600 crores over the figure for 1979-80. When the repayment of the IMF loan commences, the cumulative annual burden of debt repayment in the shape of loan instalments and interest would be in the range of Rs. 2,000 crores to Rs. 3,000 crores.

### Expert's advice

The Government is being advised by economic experts who are aware of the gravity of the overall situation to take a series of stringent measures. These include freezing the total expenditure at the present level of Rs 28,000 crores, purchasing back a sizable portion of securities lying with banks to free them from losses of interest suffered by borrowing money from the public at a higher rate and loaning it at a lower rate to the Government, readjusting the bank rate to stimulate investment, reintroducing the voluntary disclosure scheme to net at least 50 per cent of the estimated Rs 20,000 crores of black money by offering suitable tax exemptions on investment in housing and other approved sectors, replacing Estate Duty and Gift Tax with inheritance tax, stepping up collection of tax arrears, offering better incentives for savings, launching an

export drive and refraining from drawing the remaining IMF loan instalments.

The Finance Minister has very little room for any manoeuvre in offering tax concessions or worthwhile incentives involving revenue losses in this dismal situation. But he has to make a determined bid to halt the drift and regain the lost initiatives for better economic management without making extravagant promises of better performance in future. The country has to go through a decade of austerity before it can turn the corner and start generating the necessary surplus resources.

Meanwhile, the spending spree of the Central and State Governments will have to be curbed with a firm hand which requires the full backing of the Prime Minister followed by a readiness of the ruling party to adhere to the prescribed financial disciplines. And Mr. Pranab Mukherjee needs both good cheer and sound advice to live up to these expectations.

## MONETARY, CREDIT POLICY HELD TO CHECK INFLATION

from THE TIMES OF INDIA in English 6 Jan 81 p 4

[cont.]

NEW DELHI, January 5.

**T**HE government is using the monetary and credit policy to reduce the dosage of liquidity in the economy to control inflation, according to an official review.

In the current fiscal year, up to December, bank credit expanded by Rs. 1,904 crores and aggregate deposits by Rs. 4,550 crores.

In 1981-82, bank credit had expanded by Rs. 4,271 crores compared with Rs. 3,834 crores in 1980-81. However, aggregate deposits witnessed a lower growth of Rs. 5,652 crores compared with Rs. 6,224 crores in 1980-81.

Control measures were tightened in 1981-82 and the cash reserve ratio was raised in October, 1981 from seven per cent to eight per cent.

There was a slowdown in the pace of growth in deposits and banks experienced some difficulty in meeting the credit requirements.

With the inflationary pressure abating, the cash reserve ratio was gradually brought down to seven per cent in June, 1982.

The credit policy announced by the Reserve Bank of India in October is expected to see the government to promote savings, help increase utilisation

of deposits, and to control the growth of the money supply, deposits and the demand for credit.

### INFLATION CONTAINED

As a result of the measures taken by the government, the Consumer Price Index (CPI) for December 1980 stood at 284.4. The rate of inflation on a point-to-point basis was 1.4 per cent in December, 1980, compared with 1.9 per cent in December, 1979.

The all-India composite price index for industrial products stood at 462 in November, 1980, to 481 in March, 1981, but after April, 1981, the index started rising and in October it stood at 491. The annual rate of inflation in terms of this index in September worked out at 7 per cent, compared with 10 per cent in September, 1980.

The official review claimed that the monetary and credit policy in the recent past fulfilled the government's objective of ensuring that the aggregate credit needs of the industrial production were adequately met. The runaway credit expansion of earlier years had adversely affected the price structure. As soon as the inflationary pressure abated, the government relaxed its requirements for meeting the credit needs of industry.

CSO: 46-11/1570

## REPORTAGE ON INDO-PAKISTAN TALKS, PROSPECTS

G. K. Reddy 21 Dec Report

Mauras THE HINDU in English 22 Dec 82 p 1

Text

NEW DELHI Dec 21

The country's sub-continental diplomacy will be put to a severe test this week, as India engages in delicate negotiations simultaneously with Bangladesh and Pakistan on the river waters and no-war issues, while giving Nepal a sense of satisfaction that its views are also being sought on some of the problems likely to crop up at the forthcoming non-aligned summit conference in Delhi.

A 12-member Bangladesh delegation led by the Minister for Agriculture, Mr. A. Z. M. Obaidullah Khan, arrived today to make a fresh effort to resolve the river waters dispute on the basis of the memorandum of understanding initiated by the two sides in October during Gen. H. M. Ershad's visit.

A high-level Pakistan team is arriving tomorrow to discuss and, if possible, settle the scope and purpose of the proposed joint commission, besides continuing the dialogue on the two inter-related suggestions for a simple no-war pact and a more comprehensive treaty of peace, friendship and cooperation embodying the same principle of non-aggression.

**Rasgotra to visit Nepal**

The Foreign Secretary, Mr. M. K. Rasgotra will be visiting Nepal next week at the conclusion of these talks with Bangladesh and Pakistan to keep Kathmandu informed of India's broad approach to various political and economic issues that would be coming up for discussion at the non-aligned summit. He would also apprise the Nepalese Government of the progress made at the Indo-Bangla talks on the river waters problem.

The Joint Secretary in charge of the northern division, Mr. N. N. Jha, has just returned from a visit to Bhutan where he had a wide-ranging exchange of views with the Royal Government on various bilateral and other issues of mutual interest. The Indian economic and technical assistance to Bhutan has been stepped up and several aid projects are now in final stages of completion.

**Promising feature**

A promising feature of the latest meeting of the Indo-Bangla joint rivers commission is the assurance given by Mr. Obaidullah Khan on his arrival that the two countries were starting these talks with a "clean slate" ignoring the past differences, determined to find a mutually acceptable solution to the sharing of the waters of the common rivers like the Teesta and augmenting the flow of the Ganga through a technically feasible and economically viable scheme.

But the Indian side is not going that far in exuding optimism that the two countries would be able to settle the political and technical aspects of the Farakka waters issue by examining dispassionately the merits of the alternative schemes and arriving at agreed conclusions within the 18-month time frame prescribed by Mrs. Indira Gandhi and Gen. Ershad in the memorandum of understanding initiated by them.

The current approach is to first agree at this meeting, if possible, on an ad hoc formula for sharing the Teesta waters, pending a comprehensive settlement on the division of common river waters in the not too distant future. But even this ad hoc agreement has to form part of a wider accord to tackle the Ganga waters problem earnestly without dragging one's feet over the politics of augmentation.

Though Bangladesh is still toying with the idea of augmenting the flow by constructing a series of storage dams in Nepal, it is no longer refusing to discuss the Indian proposal for a link canal to divert the surplus waters of Brahmaputra into the Ganga to meet the requirements of both the countries during the dry season. An equally encouraging development is that Bangladesh has practically given up its earlier insistence on involving Nepal initially, and perhaps China also at a later stage, in a regional settlement of the river waters problem.

### Hopeful atmosphere

The Indo-Pakistan talks on the joint commission also are taking place in a more hopeful atmosphere despite the new fears generated by the reported Pakistani bid to acquire nuclear arms. If the two sides can clinch at least this joint commission proposal at the current official level discussions in Delhi, it should be possible to make some headway on the no-war

proposition to carry forward the dialogue to the summit again when Gen. Zia-ul-Haq comes to Delhi in March for the non-aligned conference.

For the first time in the last ten years India, Bangladesh and Pakistan are making this parallel effort to improve relations unhampered by past failures. And the very fact that this earnest effort is being made is deemed to be as important as the outcome of it.

### U.S. hopes for Hopeful talks

Thomas, Indira Gandhi, Zia-ul-Haq and Simla

(The report) New Delhi, India, Dec. 1.

The joint commission that India and Pakistan propose to set up will be on a par with the Indo-U.S. commission with three sub-commissions for dealing separately with issues like trade and transit, travel and pilgrimages, air and rail services, postal links and telecommunications, scientific and technological exchanges, and sports and cultural relations.

At Delhi, soon after the two heads of government, Mrs. Indira Gandhi and Gen. Zia-ul-Haq, at their mini-summit on November 1 in Delhi, the foreign secretaries of the two countries are meeting tomorrow to finalise the framework and modalities for setting up the joint commission. There are still some sticky details to be sorted out, but if all goes well as expected an agreed draft is likely to be initialled tomorrow or the day after before the conclusion of these discussions.

The foreign secretaries are not likely to make much headway at this meeting in establishing a mutually acceptable nexus between the no-war proposal and the push for a more comprehensive treaty of peace and cooperation, other than restating their known positions. The Pakistan draft for a no-war pact is basically aimed at reinforcing the Simla agreement by reaffirming the right of the two sides under the UN Charter to raise before the world community any dispute over the Kashmir question that cannot be settled through bilateral negotiations.

The Indian draft for a friendship treaty seeks to commit the two countries to settle all their disputes bilaterally without outside interference, pledge them not to enter into military alliances or lease bases, and uphold their obligations as non-aligned countries to adhere to the principles of peaceful coexistence. But Pakistan continues to maintain that it cannot compromise its sovereignty by agreeing to anything that the other non-aligned countries are not called upon to do so in the normal course.

So the best that can happen over these two inter-related issues at the current talks is to agree to continue the dialogue during the next round of talks in the near future. The intention is not to highlight the fundamental differences but stress the shared desire to arrive at an agreed framework for renouncing the use of force in settling outstanding disputes.

The two sides are also expected to exchange lists of prisoners awaiting repatriation in terms of the consular protocol signed after the Zia visit. There are an estimated 500 prisoners of each country.

#### Press Briefed on Panel

Calcutta THE STATESMAN in English 24 Dec 82 p 1

[Excerpt] New Delhi, Dec. 23.--India and Pakistan today set up a joint Commission. The agreement on the constitution of the commission will be initialled tomorrow by the Foreign Secretaries of the two countries, Mr M. K. Rasgotra and Mr Niaz A. Naik.

The setting up of the commission, aimed at promoting economic, scientific, industrial, trade and cultural cooperation between the two countries, was announced by an Indian official spokesman at the end of the first day's talks.

At a joint Press briefing, the spokesman said the commission, constituted at the ministerial level, would be headed by the Foreign Ministers of India and Pakistan.

The agreement on the constitution of the commission would be signed by the Foreign Ministers--Mr P. V. Narasimha Rao and Mr Yaqub Khan--in March when the Pakistani team would arrive here for the non-aligned conference.

The spokesman said that the schedule for the inaugural meeting of the joint commission and its venue would also be announced in March.

The commission would have sub-groups, which would deal with specific subjects and the commission would oversee their work. The spokesman said today's talks spread over two rounds, which took place in pursuance of the mandate given by Mrs Gandhi and the Pakistani President, General Zia-ul Haq, last month, were held in a "very cordial and friendly atmosphere."

The Indian official spokesman discounted all doubts about some major changes regarding the scope of the joint commission between now and March, when the agreement would be signed. He said: "We are confident that there will be no changes." On the question on the possible expansion of the scope of the commission to deal with military matters, the spokesman said: "This will not at any stage be included in the scope of the commission". Asked if the science field would cover nuclear cooperation between the two countries, the Pakistani spokesman Mr Mujahid Hussain said he was not a technical man. "The commission would deal with only those subjects which have been identified today," he said.

The Indian spokesman said India and Pakistan had signed a number of sectoral agreements after the Simla pact. These sectoral agreements, covered subject like trade, telecommunications and railways.

Today, the Indian side was led by the Foreign Secretary, Mr K. Rasgotra and composed of Mr Natwar Singh, Secretary; Mr S. K. Lamba, and Mr Mani Shankar

Iyar, both Joint Secretaries, all in the External Affairs Ministry; and the Indian Ambassador to Pakistan, Mr K. D. Sharma. The Pakistani delegation, which arrived here yesterday, was led by the Foreign Secretary, Mr Niaz A. Naik, and included Mr Abdul Sattar, Director General; Mr Mujahid Hussain, Director in the Pakistani Foreign Office and Pakistan Ambassador, Mr Riaz Piracha and other officials.

G. K. Reddy 23 Dec Report

Madras THE HINDU in English 24 Dec 82 p 1

[Text]

NEW DELHI Dec 23

As expected the Foreign Secretaries of India and Pakistan reached an agreement, which is to be initiated tomorrow by them, for establishing a joint commission with a number of sub-commissions after clarifying the lingering doubts, if any, about the purpose and scope of it.

In essence the agreement aims at strengthening understanding and promoting cooperation for mutual benefit in the economic, trade, industrial, scientific, technological, educational, cultural, information, travel and tourist spheres.

The joint commission will have the Foreign Ministers of the two countries as its co-chairmen, while the sub-commissions will be headed by senior officials dealing with specific subjects after these have been bunched into convenient groups for discussion. It would be outside the purview of these bodies to discuss any other matters that are not specifically mentioned in the broad spectrum of subjects listed in the agreement which is to be released tomorrow for publication.

### Pak. hesitation

After some hedging and hesitation, the Pakistani delegation gave up its earlier insistence that the joint commission should be competent to deal with politico-military issues as well in the larger interests of better understanding and cooperation. The argument was largely based on the European practice of mixed commissions that are primarily political in nature, while the set pattern in the case of both India and Pakistan hitherto has been to utilise them primarily for promotion of economic and cultural relations.

A formal agreement on the establishment of the joint commission and its subsidiary sub-commissions will be signed by the Foreign Ministers of the two countries, when the Pakistan delegation arrives in Delhi in early March for the non-aligned summit conference. The schedule for the inaugural meeting of the commission would be decided upon at that time, after the remaining details relating to the sectoral responsibilities of the sub-commissions have been settled through diplomatic exchanges.

Though this is the body of its kind to be established between India and Pakistan, the two countries have already entered into this arrangement with many others in their respective spheres. While India has joint commissions with as many as 30 countries,

Pakistan also has some such agreements with 15 nations. The broad pattern the two countries have followed for establishing this joint commission is the one existing between India and the United States with three sub-commissions.

The two Foreign Secretaries will take up tomorrow for consideration the residual mandate given to them by their heads of Government, Mrs. Indira Gandhi and Gen. Zia-ul-Haq, after their mini-summit meeting on November 1 to discuss simultaneously the Indian and Pakistani drafts for a no-war pact and a treaty of peace, friendship and cooperation. As the talks are due to conclude tomorrow afternoon, it would not be possible for them to make much headway on these inter-related proposals in this short time.

### Talks next in March

The best they can do in these circumstances will be to agree to meet again at their mutual convenience to carry forward the dialogue. As the Indian Foreign Secretary, Mr M. K. Rasgotra, and his colleague, Mr K. Natwar Singh, are going to be extremely busy during the next two months with the preparatory work of the non-aligned conference, the next round of talks can take place not earlier than the middle of March and in any case only after Mrs. Gandhi and Gen. Zia have met again during the summit conference.

After agreement had been reached on the format of the joint commission, the two Foreign Secretaries directed their officials dealing with Indo-Pak. problems to meet separately to discuss the question of release of prisoners and also settle modalities for consular access to them in terms of the protocol signed on November 2 after the Zia visit. The Indian side submitted a list of 25 names of Pakistani prisoners who had completed their sentences and were due for release and repatriation. The Pakistani list contained 232 names of Indian prisoners falling in the same category with completed sentences.

It was agreed at these talks, between Mr Mujahid Hussain, Director-General in the Pakistan Foreign Ministry and Mr Satish Lambha, Joint Secretary in charge of Pakistan in the Indian Ministry of External Affairs, to exchange lists of remaining prisoners held by both sides before February 1, 1983, along with the relevant details of their cases. The Pakistani spokesman recalled that the Union Home Minister had stated in Parliament that 249

Pakistan nationals were in Indian jails on various charges, but he did not disclose how many more Indians were left in the Pakistani prisons.

### Hijackers' issue

A more important outcome of these talks today on the prisoners issue was the understanding reached to discuss tomorrow the fate of the missing defence personnel whose names have already been furnished by the two sides. The Foreign Secretaries will also consider tomorrow the Indian demand for the repatria-

tion of the hijackers held by Pakistan in accordance with the relevant international conventions.

There was satisfaction both in the Indian and Pakistani circles over the cordial and friendly manner in which these discussions are taking place. The Pakistan Foreign Secretary, Mr. Niaz Naik, will be calling tomorrow on the President, Mr. Zail Singh, and the Vice-President, Mr. M. Hidayatullah, besides meeting the Principal Secretary to the Prime Minister, Dr. P. C. Alexander, for a general exchange of views on the progress of the discussions on the no-war issue.

### Prisoner Lists Exchanged

New Delhi PATRIOT in English 24 Dec 82 pp 1, 7

[Text] India's demand that Pakistan put on trial the five hijackers of an Indian Airlines plane to Lahore, or to return them for trial in India, is likely to figure in the discussion on Friday between officials of the two countries.

Director-general of the Asia Desk in the Pakistan Foreign Ministry Mujahid Hussain told newsmen on Thursday that the issue was not discussed when India and Pakistan exchanged lists of civilian prisoners who had served their terms in jails of the other countries.

In the lists exchanged on Thursday, India has given names of 25 Pakistanis who have completed their prison terms in Indian jails. Pakistan gave a list of 232 persons who have served their sentence in Pakistani jails.

An additional list of prisoners is to be exchanged before 1 February, 1983.

The lists were exchanged at a separate meeting between Mr Satindre Lamba, Joint Secretary (Pakistan) in the External Affairs Ministry and Mr Mujahid Hussain.

Official spokesmen of the two countries said the persons in the two lists were civilians who had been imprisoned on charges of smuggling and consular offences like overstaying.

No details were available as to how long these persons had been in jail, if there were any women and children among them or when they would be repatriated.

A physical exchange of prisoners, the Pak official said, however, involved long procedures. Pakistan had submitted the list to India which had to verify if these persons were its citizens. The process of verification could be done only by the police station in the village named by the person as his home. Collecting this information took time.

"Once the verification has been made and each country says it accepts the persons, they can be brought to the border and exchanged" he said. The process, he said, would be expedited after the exchange of lists.

The two sides did not discuss the issue of POWs or military personnel, nor of persons held on charges of spying. The Pakistani spokesman said the delegations had no information on details including whether any Indian prisoners had died in Pakistani jails. 'We had not come prepared to answer these questions,' he added.

#### Differences Surface

Bombay THE TIMES OF INDIA in English 25 Dec 82 pp 1, 9

[Text] New Delhi, December 24.

As expected, the Indo-Pakistan talks on the nonaggression pact or friendship treaty between the two countries have revealed considerable divergence on views in their basic concepts.

There were differences on the respective interpretation of the concept of non-alignment. This has assumed considerable relevance in the context of apprehensive speculation that Pakistan might agree to allow the United States to operate an electronic surveillance system from Pakistan.

Pakistan seemed to be reluctant to forswear its opinion on such matters at this early stage of the negotiations.

India, on the other hand, feels strongly committed to preserve the basic principles of non-alignment which rule out accommodation of any base facilities by a member country.

Not unexpectedly also, there was no agreement on the need for reliance on bilateralism to solve the problems between the two countries. Pakistan is keen on retaining its option to refer the issue to an international forum.

#### Sovereign Right

While India conceded the sovereign right of Pakistan to take any issue to an international forum, it maintained, however, that, taking into account past experience, bilateralism was that only answer to resolve important issues.

At the end of the talks today, it was evident that both sides at least agreed to face the reality that negotiations on issues of such importance would be time-consuming.

/The initialling of the joint commission agreement can be said to have set the ground for the beginning of a process of what looks like a long-drawn-out negotiations to make a new beginning in bilateral relations.

/The second day of the two-day official-level talks, held here under the terms of the joint statement of the two heads of government of November 1, was devoted to the consideration of the two draft agreements on non-aggression and friendship treaty proposed by Pakistan and India./ [in boldface]

At the end of the discussion, the spokesman of the Indian delegation emphasised at a joint press briefing in the evening the need for further discussions on the subject "through diplomatic channels and further meetings," implicitly stating that differences even at the conceptual level had to be resolved.

A lack of agreement on a bilateral approach to the problems was obvious, which led the Indian spokesman to emphasise the individual responsibility of the two countries in observing the principles of peaceful co-existence, the renunciation of war, non-aggression and non-use of force.

He said that both India and Pakistan recognised that they were both "non-aligned countries and both are responsible members of the international community" and were committed to building up confidence and mutual trust between the two peoples.

It was noted that there were some "areas of convergence" between the two drafts, but it was also noted that further discussions on the concepts and formulations would be required.

Despite the differences over the concept of non-alignment, the Indian spokesman was able to commit his Pakistani counterpart to the two countries working together closely for the success of the seventh non-aligned summit "which is being held in the region."

G. K. Reddy 24 Dec Report

Madras THE HINDU in English 24 Dec 82 p 1

[Text] New Delhi, Dec. 24.

The Indo-Pakistan talks on the twin propositions of a no-war pact and a treaty of friendship ended inconclusively today without any apparent progress in evolving a mutually acceptable concept of non-aggression and its concomitant obligation to desist from any activity that could conceivably exacerbate tensions in the region.

The two sides agreed to meet again to continue the dialogue at the Foreign Secretaries level in pursuance of the mandate given to them by their Heads of Government.

At a joint press briefing by the Indian and Pakistani spokesmen, it was stated that the two drafts were considered in a "cordial and relaxed" atmosphere touching upon the basic concepts of non-aggression and non-use of force contained in these documents. It was admitted that there were areas of both convergence and divergence, but the spokesmen declined to divulge the nature of the persisting differences or disclose whether any progress had been made in narrowing them down.

## Joint Draft

The Indian spokesman read out the following brief statement with which his Pakistani colleague concurred, since it had been jointly drafted and approved by the heads of the two delegations.

"It was recognised that India and Pakistan are both non-aligned countries and responsible members of the international community, committed as much to the principles of peaceful coexistence, renunciation of war, non-aggression and non-use of force and peaceful resolution of disputes as to the building of confidence and mutual trust between the two peoples.

It was noted that there were areas of convergence between the two drafts. It was also noted that further discussions on concepts and formulations would be required. Accordingly, they agreed in pursuance of the mandate given by their leaders to continue the dialogue through diplomatic channels and further meetings".

In admitting that there were also areas of divergence, the spokesmen tried to put a gloss on the persisting differences by highlighting the cordiality of the atmosphere in which the talks had taken place. But it was quite evident from their subsequent observations that neither India had given up its stand that Pakistan should not lease bases or offer facilities to other powers on its soil, nor had Pakistan resiled from its position that though it had no such intention it could not be expected to compromise its sovereignty by entering into a commitment which no other non-aligned country had been asked to do so as a token of its peaceful intentions.

Similarly, the two sides continue to differ whether the obligation to settle outstanding disputes bilaterally through peaceful negotiations implied an abandonment of the right to raise such issues in an international forum like the United Nations in the event of their failure to resolve them. In other words, Pakistan is not prepared to give up its claim to invoke the U.N. resolutions on Kashmir at a moment of its choice even after entering into a no-war pact of treaty of peace.

In the face of these basic differences, the two Foreign Secretaries and their advisers could not come to the point of discussing seriously the possibilities of bunching the Indian and Pakistani drafts into a single document embodying the concepts of non-aggression and peaceful co-existence. The best they could do in this situation was to agree to meet again to continue the dialogue in the hope that they should be able to bridge the gulf sooner or later with patience and perseverance.

The spokesmen also said that there was an exchange of views on all aspects of the forthcoming non-aligned summit conference. "The two countries", it was stated, "will be working closely together in ensuring the success of the summit which is being held in their region".

#### Further Discussion in Feb

The officials will have a further discussion on issues like the proposed exchange of lists of civilian detainees by February 1, 1983; consular access to these prisoners; renovation of shrines; issue of press collect cards; facilities for training the Sikh caretakers of the gurdwaras in Pakistan and exchange of information about missing boats and fishermen. The Pakistani side continued to maintain that it was unable to trace the 40 odd missing Indian defence personnel, implying that if any of them had deliberately chosen to conceal their POW status and preferred to pose as civilians for whatever reason they had to face the consequences.

There was also no accord on the question of repatriation of the hijackers of the Indian aircraft. The Pakistan delegation conveyed the decision to put them on trial shortly in an open court. The demand for repatriation could be considered only after completing this judicial process in accordance with the relevant international conventions.

#### PTI reports:

The Pakistani delegation called on the President, Mr. Zail Singh this morning. Led by Mr. Niaz Naik, the delegation met the President for half an hour. The members had earlier called on the Vice-President, Mr. N. Hidayatullah.

#### 'HINDU' Editorial

Madras THE HINDU in English 27 Dec 82 p 8

[Text]

THE AGREEMENT ON setting up a joint commission to handle essentially matters of economic and cultural cooperation between India and Pakistan is, although not unexpected, a welcome development. On the other hand, the failure to achieve a breakthrough in the protracted negotiations centring on the related political propositions of a no-war pact and a comprehensive treaty of friendship underlines the distance in the perceptions of the two sides as well as Islamabad's sticky and unhelpful attitude to security-related issues that are India's concern in a primary sense. To put it bluntly, the Pakistani draft of a no-war pact, by reserving the right to "internationalise" the Kashmir issue (if it cannot be settled bilaterally), seems to be a move to bypass and neutralise the comprehensive Simla agreement. Entering into any mutual guarantee against hostilities that would have the effect of excluding Kashmir would be worse than worthless so far as India is concerned; it would be a trap there can be no question of walking into, especially considering the fact that the Pakistani military dictatorship has struck a disturbing relationship with the United States to induct into the sub-continent weapons

(notably the F-16 fighter-bombers) of a qualitatively new order. The difficulty that Islamabad has in accepting key elements of the Indian approach — embodied in the draft of a friendship treaty — reinforces the point. This draft seeks to commit the two parties to a bilateral settlement of all disputes free from external interference and calls for a mutual pledge not to enter into military alliances or lease bases and to uphold non-aligned principles. The position taken by the Pakistan Government on the question of undertaking not to lease bases or offer facilities to other powers on its soil — which, in effect, is that it has no such intention, but cannot be expected to "compromise" its sovereignty by entering into a commitment not asked of other non-aligned countries — is bound to fuel suspicion. The issue on hand is obviously not one pertaining to the general rules of conduct governing the non-aligned club, but is very specific to the troubled political relations between India and Pakistan. Moreover, the Pakistani dictatorship's objectives in entering into a major security relationship with the United States are highly distrusted in this country. If India, as a pioneer and leader in the non-aligned

movement, can enter into such a commitment without inhibitions, why can't Pakistan if its offer of friendship is sincere?

On the positive side, the New Delhi dialogue of the foreign secretaries has resulted in some concrete progress on other issues. The work of the Indo-Pakistan joint commission, and its sub-commissions, should be somewhat more significant than usual given the historical, cultural and emotional links between the peoples in the two neighbouring countries. Promoting people-to-people exchanges and contacts, including presumably the flow of ideas across the borders, should have priority in this respect. There is a long route to be traversed in the trade and economic fields before bilateral relations can be regarded as satisfactory. The popularity of sports encounters between the two countries, especially in hockey and cricket, points to an area with a substantial present and

a real future. Some obstacles, including mental blocks, remain with respect to economic and cultural relations, but they are, by and large, not very serious ones. The point however is that unless there is a conducive political atmosphere free from major suspicions, the development of economic and cultural ties is likely, at best, to be slow and of limited scope. The process of normalisation between India and Pakistan is a very necessary and desirable one, but on the former's part two reservations cannot be avoided whatever the diplomatic formalities. The first relates to the sincerity of no-war moves within the context of the disturbing practical steps the Zia regime continues to take in the security field. The second relates to the daily observable fact that the present Pakistani Government lacks any semblance of popular legitimacy, is isolated from its own people, and is a notorious violator of elementary democratic rights.

### Talk Delay Foreseen

MADRAS THE HINDU in English 29 Dec 82 p 6

Article by: N. R. Reddy,

Topic: 100000

NEW DELHI Dec 28

The next round of Indo-Pakistani talks on the no-war proposal is likely to be delayed by a few months because of other preoccupations of the two Foreign Secretaries, who are holding these discussions.

It is for this reason that it was stated at the conclusion of the talks last week that the dialogue would be continued through diplomatic channels and further meetings without indicating that another round of exchanges would take place soon.

When the Pakistani President, General Zia-ul-Haq, and his Foreign Minister, Nawabzada Yaqub Ali Khan, come to Delhi in early March for the non-aligned summit, there would be no time for any bilateral discussions other than for completing the formality of signing the agreement or setting up the joint commission.

**Clearing the objections:** The main talks on the Indian and Pakistani drafts for a no-war pact and a friendship treaty will have to be held at a separate meeting in Islamabad after the objections raised by both sides during the discussions in Delhi last week have been partly or fully cleared through diplomatic channels by the two Governments.

The Indian Foreign Secretary, Mr. M. K. Rasgotra, will be extremely busy during the next two months with the preparatory work for the non-aligned conference. After the summit,

he has a heavy schedule of engagements; almost the end of April while his Pakistani counterpart, Mr. Niaz Naik, will also be preoccupied with other commitments.

The two Foreign Secretaries will be meeting in Dhaka in May during the next round of talks on South Asian economic cooperation. It has already been agreed in principle that at this meeting in Dhaka, the South Asian seven — India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and the Maldives — would fix the date for the Foreign Ministers' level conference of the community to determine the scope of the proposed regional cooperation.

**Diplomatic efforts:** Though there would be many occasions during the next few months for Indian and Pakistani Ministers and senior officials to meet, they would not be getting together specially to carry forward the no-war dialogue, unless substantial progress has been made through diplomatic channels in evolving a mutually acceptable concept of a no-war pact, whether it should be a single agreement on non-aggression or a more positive accord for friendship and cooperation.

As far as India is concerned, the ball is now in the Pakistani court. It is for General Zia and his advisers to decide whether they want a no-war pact either as a political gimmick or a comprehensive treaty of friendship that could open a new chapter in Indo-Pak relations.

Code: 100000/16

## DETAILS OF INDO-SOVIET TRADE PROTOCOL GIVEN

Bombay THE TIMES OF INDIA in English 25 Dec 82 p 1

[Text]

NEW DELHI, December 24.

**T**HE Indo-Soviet trade protocol for 1983 signed here today provides for a total turnover of Rs. 36,257 million as against Rs. 32,500 million for this year — representing an increase of 11.2 per cent.

Indian exports to the Soviet Union are expected to be of the order of Rs. 18,802 million and imports from the Soviet Union Rs. 17,455 million, leaving a balance of Rs. 1,347 million in India's favour.

The protocol was signed by Mr. I. T. Grishin, Soviet deputy minister for foreign trade, and Mr. Abid Husain, Union commerce secretary.

Indian exports to the Soviet Union will comprise: agricultural products, Rs. 5,742 million; textiles Rs. 4,687 million; engineering goods Rs. 2,678 million; chemicals and allied products Rs. 2,433 million; leather and leather goods Rs. 1,450 million; minerals and

ores Rs. 349 million and miscellaneous products Rs. 1,263 million.

Except in agricultural products, where the decline is due largely to a cut in cashewnuts and rice exports, Indian exports will be higher than this year.

Engineering goods exports will be 22 per cent higher; chemicals and allied products, 12 per cent; and minerals and ores, 10 per cent; and leather and textile exports, six per cent.

Exports of cotton textiles and ready-made garments will be at about the same level as in 1982, despite the textile strike in Bombay. However, increased provisions have been made in the woollen and jute sectors.

The trade protocol also provides for a higher growth rate in Soviet exports to India.

UNI adds: To reduce the existing imbalance in trade against the Russia, the protocol provides for a higher growth rate in Soviet exports to India.

At the signing of the trade protocol, Mr. Grishin said Indo-Soviet trade had made satisfactory progress in 1982 with a turnover of 2.5 billion

roubles. He pointed out that trade protocols are based on 10-year Indo-Soviet long-term agreement 1971-85, which envisages a three-fold growth of 1.5 to 2 times the 1969 level.

He hoped the agreement would not only be carried out as per estimates but also over-fulfilled.

Speaking on the 1983 trade protocol, Mr. Grishin said the Soviet Union will export to India raw materials, fuel, raw materials and other goods needed by the Indian economy and India's exports of both traditional and manufactured goods are also expected to grow.

He pointed out that around 15 per cent of India's foreign exchange requirements could have been met by goods purchased by India from the Soviet market had possible measures been taken to send more funds to the Soviet Union to buy goods from India.

There were differences of view on the subject during trade negotiations between the Indian and Soviet trade authorities. Mr. Grishin said that the two sides had reached a compromise.

CSO: 4600/1516

## PRESS ON MEETING OF INDO-BANGLADESH RIVER COMMISSION

## Meeting Ends, Achievements Noted

Madras THE HINDU in English 25 Dec 82 p 1

[Text]

NEW DELHI, Dec. 24

The 23rd meeting of the Indo-Bangladesh Joint Rivers Commission ended here today on the positive note that a pre-feasibility study would be made of the proposals suggested by the two sides about augmenting the dry season flows of the Ganga at Farakka.

The JRC set up a Joint Committee of Experts (JCE) consisting of four members on each side to first determine the modalities for taking up the pre-feasibility study and later to take up the study itself. Advisers would be co-opted to the JCE, if necessary.

The JCE was directed to draft the terms of reference for the pre-feasibility study and to prepare a work schedule with specific datelines and submit its recommendations not later than four to six weeks.

Talking to newsmen at Palam airport on the eve of the departure of the Bangladesh team for Dhaka, the Union Minister of Irrigation, Mr. Kedar Pandey, and the Bangladesh Agriculture Minister, Mr. A. Z. M. Obaidullah Khan, said the recommendations of the JCE would come up at the 24th meeting of the JRC at Dhaka from February 1 to 4.

**A step forward:** Observers noted that the decision to go into the techno-economic feasibility of the tentative proposals of the two sides was in itself a step forward.

As Mr. Z. R. Ansari, Union Minister of State for Irrigation, put it, "The ice has been broken and a new era in Indo-Bangladesh relations has begun."

Mrs. Gandhi and the Bangladesh Chief Martial Law Administrator, Lt-Gen. H. M. Ershad, at their meeting in Delhi in October gave a mandate to the JRC to complete the pre-feasibility study on the alternative proposals of the two sides within 18 months in order to "settle on the optimum solution for urgent implementation."

The Indian proposal, as Mr. Pandey said, was that a canal linking the Brahmaputra with the Ganga at Farakka should be constructed to augment the dry season flow.

Bangladesh on the other hand had proposed that a string of 12 reservoirs be built in

Nepal to store the monsoon water for release in the dry season.

At its earlier meeting the JRC could not agree even to examine the modalities of studying the alternatives, but the time-specific mandate given by the two Heads of Government has made it obligatory for it to produce a pre-feasibility study.

Neither Mr. Pandey nor Mr. Obaidullah Khan would however say whether Nepal would be involved in taking up the pre-feasibility study of the proposal made by Bangladesh. They maintained it was for the JCE to make its recommendations.

It was, however, obvious that no study worth its name about building reservoirs in Nepalese territory could be made without the cooperation of the Nepal Government.

Asked why it was necessary to discuss afresh the modalities for a pre-feasibility study since the JRC had been dealing with the proposals for a long time, Mr. Obaidullah Khan said there might be some gaps in the data so far available.

The JRC came closer to evolving a solution of the problem relating to the sharing of the waters of the Teesta river.

It was decided that an "ad hoc" arrangement about sharing the waters of the Teesta, which flows through the northern part of West Bengal into Bangladesh, would be finalised at the February meeting of the JRC.

Both India and Bangladesh have built barrages on the Teesta in their respective territories, and the February meeting is expected to finalise temporary arrangements for sharing the waters pending a scientific and technical study in three years.

As for the other five rivers common to the two countries the JRC decided to extend by three months the time for completion of the study by the standing committee. It decides that both sides would re-check their respective data and undertake joint visits to relevant hydrological observation sites to have a better understanding.

The JRC welcomed the fact that good progress had been made in resolving problems relating to embankments, river training works, etc.

Madras THE HINDU in English 27 Dec 82 p 8

[Editorial]

[Text]

THERE IS A distinct change of mood on the part of India and Bangladesh in their search for a solution of the festering problem of sharing the waters of the Ganga. The dispute arose first in the early Sixties when East Bengal was part of Pakistan and India began to work on the barrage at Farakka to divert part of the river's flow into the Bhagirati (Hooghly) to reduce the silting that was suffocating Calcutta port. The barrage has served Calcutta (and downstream Haldia port) partially and the river requires constant dredging to keep it navigable even for low-draught ships. Immediately after the liberation of Bangladesh, it was hoped that an early solution would be found in view of the goodwill and friendship that emerged between the two countries. An interim agreement was reached in 1977 and it formally expired on November 4 this year. The arrangements for sharing under the interim accord have been continued pending a new settlement.

What is refreshing about the proceedings of the 23rd meeting in New Delhi last week of the joint rivers commission is that it was agreed to make a preliminary technical study of the proposals put forward by both sides. The two countries' concepts are based on different grounds. Bangladesh wants to bring Nepal into the picture and try for the erection of a dozen

dams in the Himalayan kingdom to help augment the dry season flow in the Ganga. Apart from India's reservation over inviting a third country to join in the negotiations, the proposal for reservoirs in Nepal will not make a substantial contribution. On the other hand, the Ganga-Brahmaputra-Meghna river system is the largest in the world except for the Amazon and drains 1.76 million sq. km of area. The Ganga supports 80 per cent of the total population of 400 millions in the basin and its waters are inadequate and storage possibilities are limited. The supplies are copious in the Brahmaputra and Meghna. India's suggestion is to build a barrage across the Brahmaputra at Jogighopa, in Assam, and a 320-km canal of which a third will be in Bangladesh territory. The canal will pour into the Ganga near Farakka. Besides augmenting the flow into the Hooghly, this project can provide irrigation to more than four million hectares in Bangladesh. A World Bank report has stated that "such a diversion through both countries might provide the more logical and economic solution." Is it necessary to ask for water from Nepal, when there is plenty of it available in India and Bangladesh if integrated regional development is taken up? It is a welcome feature that Dhaka has agreed at last to join in a study of the Indian proposal which it had been rejecting offhand hitherto.

CSO: 4600/1517

## DEFENSE UNITS' OUTPUT REPORTED UP BY 70 PERCENT

New Delhi PATRION in English 17 Dec 82 p 7

[Text]

**T**HE nine defence public sector units, which turn out various items including sophisticated machinery for the armed forces, can count upon 1982 as an year of achievement, reports UNI.

The value of production of these units went up from Rs 483.5 crores in 1980-81 to Rs 813.7 crores in 1981-82, recording an increase of nearly 70 per cent.

The Department of Defence Production was set up in 1962 to direct, coordinate and strengthen efforts for the production of armament and other stores required by the defence forces.

The main thrust of the department is to achieve self-sufficiency and self-reliance.

There are two main groups for the production of defence equipment and stores—one being the family of 33 departmental factories spread all over the country and the other a group of nine public sector undertakings.

The continuous effort at modernisation of production apparatus and up-dating of the scientific and technological base, besides ensuring the highest standards of quality and reliability in the equipment manufactured can be considered a unique feature.

In its efforts, inter alia, to meet the requirements of the armed forces, the Department of Defence Production works closely with the Defence Re-

search and Development Organisation.

The total capital investment in the nine public sector units is about Rs 196 crores in equity and Rs 336 crores by way of loans (1981-82).

Six of the nine companies increased their profit (before tax) from Rs 29.5 crores in 1980-81 to Rs 87.1 crores, registering an increase of Rs 57.6 crores.

This was, however, offset by an aggregate loss of Rs 19.2 crores incurred by three companies, mainly Garden Reach (Rs 12.5 crores) and Mishra Dhatu Nigam (Rs 5.3 crores). The aggregate profit (net) thus amounted to Rs 67.9 crores as compared to Rs 20.4 crores in the previous year.

The year 1982 was marked by the first test flight of HAL-assembled Jaguar aircraft and significant improvement in HAL's profitability. HAL's proposal for a new unit for advanced avionics has been approved.

Bharat Electronics entered the field of space-related electronics in conjunction with the Indian Space Research Organisation (ISRO).

Bharat Earth Movers took up production of 85 tonne rear dumpers and 410 HP bulldozers besides attaining record production sales during the year.

Mazagon Dock made a significant contribution to import substitution (Rs 30.1 crores) in the vital areas of construction and erection of off-shore platforms for ONGC.

## DEFENSE INSTITUTE HEAD INTERVIEWED ON PAKISTAN VISIT

New Delhi PATRIOT in English 14 Dec 82 p 5

[Text] India faced no immediate military threat from Pakistan, according to Mr K. Subrahmanyam, director of the Institute for Defence Studies and Analysis.

In an interview with PTI in New Delhi on his return from a two-week visit to Pakistan, where he attended a conference on peace and security in South Asia, convened by the Pakistan Institute for Strategic Studies and Quaide Azam University, Mr Subrahmanyam said there was no possibility of Pakistan venturing on a military adventure against India "in the next three years at least, except in the case of extreme irrationality."

There was a perceptible change in Pakistan's appreciation of India's military might, according to him. Indian soldier was no more looked down contemptuously by the Pakistani military establishment as in the past. The Indian defence preparedness had made the Pakistani military realise that they could not hope for a quick victory as they did in 1948, when they sent infiltrators into Kashmir and that in any war of more than two weeks, India's military potential would prevail.

Pakistan was also somewhat disappointed with its external supporters, Mr Subrahmanyam said. The United States, according to many Pakistani experts, could not be relied upon beyond a certain point. Through its ambassador in Islamabad the United States had made it clear that it would not support Pakistan in a conflict with India. China was not at all in a position to offer modern arms to Pakistan. Even Pakistan's financial patron, Saudi Arabia's ability to influence events in favour of Pakistan was doubted by many Pakistanis.

Gen Zia-ul Haq, thus, faced severe limitations in regard to his manoeuvrability vis-a-vis India, according to Mr Subrahmanyam, and by seeking a no-war pact with India he was, in fact, trying to add a feather in his cap and enhance legitimacy for himself by making a virtue out of his difficulties.

Mr Subramanyam felt that there was a basic difference in the Pakistani and Indian approach to their long-term relationship. The Pakistani approach,

According to him, was based on "likely perpetual animosity" towards India while the Indian approach was to alter such perceptions by developing close trade and cultural linkages with Pakistan, by normalising political relations and by increasing people-to-people contact.

He added: "hence the Pakistani emphasis was on mechanical 'confidence-building measures' such as no-war pact and discussion on ratio of military forces--the kind of measures advocated by global power blocs who were determined to continue their confrontation posture."

India, on the other hand, urged measures of reconciliation which would convert confrontation to cooperation and hence the proposal for a peace and friendship treaty.

CSO: 4600/1503

## EXPERT ANALYZES PERFORMANCE OF HINDUSTAN AERONAUTICS

Calcutta THE STATESMAN in English 20, 21 Dec 82

[Article by G. C. Katoch]

[20 Dec 82 p 8]

[Text] **T**HOSE bemoaning the poor shape of the aeronautics industry in India are apt to find many faults with the Hindustan Aeronautics Limited (HAL), the more serious of which boil down to its dismal showing in design and development and its chronic shortfalls in production which force the IAF to shop abroad for its needs. HAL's past record is not very edifying. But does it have a case at all? One view is that much of what has gone wrong with the industry is due to the fact that HAL is at the receiving end of short-sighted policies, bad decisions and galling indifference, even discouragement.

Take design and development effort — the one failing of HAL on which the spotlight is most often focussed. In the early 1950s the Government declined the offer of German aircraft designer Willy Messerschmidt to help build up design capability for civil and military aircraft of different kinds. This decision saw to the long and continuing chain of licence production; Vampires, Gnats, Avros, Alouettes, the Mig-21 series and Jaguars.

Another setback to self-reliance was the refusal in 1961 to finance the development of a power plant for the HF-24 (Marut) airframe designed by Professor Kurt Tank's team. The long, world-wide search for a suitable engine for this ill-starred airframe with Mach-2 capability — till all development work on the aircraft was finally halted 15 years later — is too well known to bear repetition here. What needs to be mentioned is that

meanwhile 140 HAL-built Maruts have been in IAF service, content with subsonic Orpheus engines

## SAD STORY

The chequered development of HPT-32, the piston-engined basic trainer designed by HAL, is another sad story, though not as well known as that of HF-24. The first prototype flown five years ago was found not to meet the Air Staff Requirements. Since then it has practically been redesigned as each successive effort failed to carry conviction with the IAF.

At one time the trainer was decried because the then Chief Test Pilot of HAL was not on talking terms with the Air Commodore in Delhi. Later a two-man team was sent abroad to fly similar aircraft elsewhere and then evaluate the HPT-32. The Defence Production Secretary wanted the team to produce an agreed report. What it did put in were two dissentient reports, one reason being that the Air Headquarters representative was bound by a firm Task Directive. The IAF was unwilling to accept the aircraft because of its spin characteristics.

But a fact glossed over was that, as compared with foreign aircraft, it could come out of a spin much better. At one stage the Scientific Adviser to the Defence Ministry was asked to arbitrate. Eventually a clean chit was given to the HPT-32 with a few modifications to reduce oscillation. Much of the delay and wrangling might have been avoided

if HAL had been asked to build half a dozen prototypes with different configurations for simultaneous evaluation. Anyway, 40 of these aircraft have been now ordered on HAL. The HPT-32 has at last managed to go into production, not thanks to any encouragement given by the Air Force.

The Gnat, which made such a name for itself in the 1965 war as a highly manoeuvrable fighter-interceptor, remained in production for 15 years from 1959, and over 200 of these aircraft were made in HAL. Unfortunately the little Gnat suffered from serious snags, mainly relating to flying controls which took a heavy toll of pilots. The development of an improved indigenous version was therefore taken up in 1972 and production of what was renamed Ajeet started in 1978. The IAF has never made a secret of its distaste for the Ajeet, and it is easy to understand why.

About 80 Ajeets have so far left the HAL factory, each successive lot embodying some change or the other at the instance of the IAF. The changes made were to rectify defects or failures in key sub-systems like the Longitudinal Control System (LCS) and Identification Friend or Foe (IFF) and in vital components such as fuel valves and brake units. To cap it all, the Ajeet has yet to achieve the specified range of 108 nautical miles. After repeated exercises, the HAL designers feel that it is not possible to increase the Ajeet's capability any further. According

to them, it has reached the end of its development potential and a totally new design has to be attempted if the IAF's expectations are to be met.

Another prestigious project — the Advanced Light Helicopter (ALH) — has been put through what looks like an obstacle race organized jointly by the User Services and the Government. A design collaboration agreement with Aerospatiale in 1970 was aborted a few years later after letting a lot of effort and money go down the drain as the Services decided to switch from a single-engined to a twin-engined concept.

The Steering Committee for the new version has been changed more than once; and it woke up rather late to the realization that due to some inter-Service misunderstanding the exact requirements of the Army, the major user, had not been fully taken care of, nor properly ascertained. It seems South Block and Vayu Bhavan simply cannot provide the type of direction and coordination that such a project needs.

HAL sources say that the ALH is plagued by high-level lobbying to bias the development in favour of French licences. Which in a way leads to the real question: How Indian is the ALH going to be? HAL's concept of indigenous development in this case is to find somebody else to do the job, to pick on foreign parties for ideas, and they promptly come forward with collaboration proposals. In the end we will be getting a helicopter no better than the ones we already have, and we will not have property rights on what we make.

### NO FUTURE

The engine will be imported. Avionics will be imported. Even parts of the airframe will be imported. Unlike the maligned HPT-32, the ALH will be Indian only in name — at least as conceived at present. And we will pay four or five times more for the privilege. Clearly the ALH has no future, and the right thing to do is to scrap the project. And let us not repeat the foolishness in the proposed Light Combat Aircraft (LCA) project.

Till not long ago simple rubber parts and items like door handles and commode seats for aircraft continued to be on the import list while official reports claimed

to have made indigenous hundreds of items every year. A large number of licenses, or licences disguised as collaboration agreements, have been taken up with foreign manufacturers for making accessories and assorted components even where adequate technology can be had within HAL.

The C. Subramaniam Committee on Aeronautics (appointed, incidentally, by Mrs Gandhi in 1967) had made several sound recommendations for speedily reaching a stage of self-reliance in the design and manufacture of aircraft, aero-engines and missiles. A decade later another high-powered committee, headed by V. G. Rajadhyaksha, then a Member of the Planning Commission, suggested a concrete drill from initial conceptualization down to the production of new models. Both reports were accepted by the Government. Both stay put in record rooms.

HAL has, to be sure, made sporadic efforts at design and also met with some success in developing a few items of avionics and accessories. But the fact is that the whole hierarchy is ridden with an anti-self-reliance culture. No major design project has been assigned to HAL in the past 20 years. The funds allotted to its design organization are barely 1% of the HAL budget and these also are frittered away on redundant trivia. People are demoralized.

Some years ago I headed a selection team which recruited a number of qualified middle-level engineers serving abroad and with experience of various relevant disciplines for the design organization of HAL. Some of them agreed to return to India although the emoluments we offered could not possibly match what they were then earning. But if they imagined they would make some worthwhile contribution to HAL's design and development programmes, they were soon disillusioned. By now about half of the original 15 have left. The ones that remain are looking round, sensibly enough, for somewhere to go.

### GOOD PROJECT

Agencies directly under the Defence Research and Development and concerned with aeronautics have fared little better. A remarkable example is the development of the GTX(B) engine at the Gas Turbine Research Establishment (GTRE), at

Bangalore which has been inching along for the last 10 years or so, sucking a patron and starved of funds. Yet it is the most promising and prestigious project so far taken up in India in the aeronautics field as the engine when fully developed will suit contemporary combat aircraft.

We had independent expert opinion in the early stages that we were on the right track. Any other country would have gone full steam ahead and poured unlimited funds on such a promising project. Instead, the IAF showed no faith in it. The Ministry dithered. Finance went on hacking the GTX budget out of recognition. The result so far: a demonstration model now which was quite feasible five years ago, and this also is not for 100% test performance. But at least it has goaded the Government into belatedly sanctioning a Rs 80-crore project for the engine's full development.

If the authorities are at all serious about self-reliance, there has to be a fresh look at the basics of our design and development effort. We should be prepared to sink big money in building up an effective aeronautics design organization — not one crore or 5 crores a year but perhaps 50-100 crores. Agencies like the Gas Turbine Research Establishment, Aeronautics Research & Development Establishment and Aeronautics Technical Establishment should all be brought under HAL's unified control.

The pathetic dependence on licence production must go. There is no reason why we cannot work on the concept of evolutionary development on a do-it-yourself basis. Again, present concerns or fear of failure must not be allowed to fog our planning vision. New ideas should not be brushed aside because we cannot afford them now or 10 years hence. Above all, the IAF must fight the soft option of imports.

We are not short on numbers or talent. The 700-odd engineers that Raj Mahindra has in HAL's design organization are quality material; they should have serious projects to work on, and good top managers who can put them to work and bring out the best in them. They could also do with an occasional pat on the back. Unless you are seen to believe in HAL's ability to deliver the goods, there won't be any goods to deliver.

(Text) **F**OR many years production in HAL has lagged behind targets, especially for the Mig series aircraft and engine overhauls. Not more than 50-60% capacity has been utilised. Hundreds of trained workers in the Kanpur and Bangalore divisions are idle for want of work.

It would be simplistic to attribute such ills only to failure of management. The HAL Board of Directors, which should be monitoring progress and helping remove bottlenecks, is dominated by Government nominees. In any event all major decisions, even if internal to HAL, are taken in New Delhi, not Bangalore. Yearly production targets are proposed by HAL and accepted by the Government when all concerned know perfectly well that they are unrealistic. Shortfalls may therefore raise frowns but spring no surprises.

Again, everyone seems to join in a game of make-believe. Everyone says, British Aerospace not excluded, that HAL has started producing Jaguars in a big way. All that has happened is that it has begun assembling the aircraft from imported major and sub-assemblies. The first squadron or so will thus be delivered quickly enough; the familiar slippages and problems will follow when manufacture begins from imported components and raw materials. By the time the going gets easier the short production run (45 aircraft now, but being extended by about 20 more) will be over.

## WITHOUT WORK

HAL has repeatedly complained to the Defence Ministry about lack of work at Kanpur, yet for nearly a decade nothing has been done about it. Meanwhile the bill for idle workers has run up to many crores. It is clearly for the Government, and not HAL, to find work for them by deciding to build more military aircraft in India. However, there is no sign of a strengthened will to resist the pull of the imports lobby. This goes for Bangalore too, where also HAL executives stare helplessly at a lean order book. They are not much happier even when it shows signs of filling up, for they cannot plan anything on their own.

One reason is the IAF's inability to firm up its long-term re-equipment plan (LTRP). Every now and then it keeps changing to suit current burning lines or the whims of those in command for the time being. A firm document, to which the IAF is committed and which has Cabinet approval, is needed to form the basis of serious planning in HAL. The problem is that no one knows if such a document will ever be forthcoming.

A typical example of bureaucratic delay concerns the approach made by HAL last year asking the Department of Defence Production to do something about the severe power cuts at Bangalore. A draft letter which the Defence Minister could write to the Chief Minister of Karnataka was also enclosed to speed up action. It remained "under consideration" for over two months, the file making three or four trips between the Secretary's and Joint Secretary's desks. Predictably, one of the "queries" was how other public sector units in Bangalore were managing despite the power cuts.

A high-powered committee appointed in 1976 to review payment policy and procedures has never quite got off the ground. Sanction orders for the new accessories factory at Korta for Nav Attack Systems took as long as three and a half years to issue. The continuing indecision over the selection of a light transport aircraft (LTA) has by now become a standing joke. And so on.

Ministerial overlordship, the curse of the public sector in India, is applied directly as well as through the Board of Directors. The HAL board has six full-time directors, five Government directors, and no expert input from outside. In any case, the board does not make policy and it shies away from taking important decisions as these are the Ministry's birth-right. Air Force personnel have been regularly given berths in HAL and form a weighty element of its senior management cadres. Many of them must have been very good fliers or engineers, but that does not necessarily make them good production managers.

There has also been a long dynasty of terming or about-to-retire Air Officers occupying the Chief Executive's chair. Not that that has hindered Venu Bhawan's propensity to be quick to pick holes in anything HAL attempts but tardy in helping plug them. The present Chairman is in fact the first one to be lifted from within the organisation, and one whose IAF roots have long since withered.

Of late some in-house policies of senior level managers on merit have been tried but not all have turned out to be happy ones. Four of the functional Directors and an equal number of General Managers of factories will be retiring within a year or so. Filling the slots with men of mettle is not going to be easy, yet few people at the top are looking ahead.

Recommendations made by the Rajadhyaksha Committee on management development and personnel policies have simply been shelved. And there is no hope that the sensible suggestions made by Parliament's Committee on Public Undertakings—headed by the former Defence Minister, Mr. Bansi Lal—for more autonomy to the public sector will be heeded. Those in authority are prepared to agree publicly that if you want units like HAL to show better results you have to give them a freer hand. Plain commonsense, but none the easier for vested interests to swallow.

## GOOD RECORD

Despite all this, HAL's performance in recent years has not been all that bad. To date it has built more than 2,550 aircraft, including about 850 based on indigenous design. It has more or less kept pace with the overhaul needs of the Air Force besides helping in its servicing tasks. The numbers of engines and aircraft of all types overhauled during the past five years were around 400 and 3100. The number of products in the Lucknow and Hyderabad Divisions has multiplied four-fold. The MIG indigenous programme initiated in 1977 has been given a push and is about to be completed. Outstanding AOG demands for servicing will have come down from 424 at the end of March 1981 to around 260 by the end of 1982.

Further, during the last five years HAL has practically doubled its sales as also its gross profit, with only marginal addition to its payroll. The figures would be better still if the Bangalore complex could be given orders to enable it to operate at the 1979 level and if Kanpur did not have a near-empty order book. To be sure, profitability is still much below what it should be, the return on capital employed being less than half of the desirable minimum of 15%. But then the profit margins permitted and tardiness in accepting fixed cost quotations and in release of funds make financial management so much harder. Other public enterprises whose production is similarly tied to a single customer get a more generous deal.

To take one instance, the Posts and Telegraphs Department in its pricing agreement with the Indian Telephone Industries Ltd (ITI) not only allows payment on what is virtually a cost-plus-10% basis but also a commission of 8% on imported or locally bought items and a handsome 30% mark-up on the cost of spares. Amounts spent on R & D projects and interest charges on working capital loans are also reimbursed. HAL does not get such benefits but has nonetheless brought in a tidy net profit last year of Rs 25

crores on a turnover (sales) of Rs 200 crores. For the first time ever it has declared a dividend of 10%, something which had not exceeded 2% for as long as one can recall.

### SALES ABROAD

Most of these heartening achievements can be traced to the past two or three years, although there was a rough patch in 1980-81 when labour unions forced the factories at Bangalore to shut down for nearly three months by common industrial action extending to all the public sector units there. Now at last production targets are being met; productivity curves in both production and overhaul shops are moving upwards and backlogs are all but cleared. Output in the three Mig factories has tripled in two years. Export earnings at a modest Rs 2 crores reflect a 400% spurt over 1979-80, and the good news is that these might be stepped up to as much as Rs 25 crores per year with a little help from the Ministry. HAL has also been able to win some good orders from the private sector for its helicopters.

The external constraints are still there. The work order position remains more or less the same and the pricing formula is as before. How then is the dramatic change in productivity

and profitability explained? Some of the gaps filled are not hard to spot. Of these the use of an effective Production Planning and Control System (PPC) stands out as it enables continuous monitoring of output against monthly targets. A tight squeeze has been clamped on fresh capital spending. Not one person has been added to the total strength in the last two years. What HAL is getting, in brief, is a much-needed dose of professional management.

There was much shaking of heads three years ago when the present Chairman, Mr B. K. Kapur, was promoted to the post, breaking the long line of Air Marshals. It was said that he was too young and inexperienced to head a large industrial complex like HAL. In the event, it now appears that the reservations were groundless.

It is not that all is well with HAL. The mess in the design workshops needs to be cleaned; personnel policies, such as they are, continue to be chaotic; inventories are yet to be cut down to size; linkages with Air Headquarters and the Ministry could be strengthened. Other areas like quality control need improving. But the winds of change that have of late been blowing have brought cheer to HAL. It is no longer the sick child it was made out to be.

## ENERGY MINISTER NOTES RECORD OUTPUT FOR 1982

Calcutta THE STATESMAN in English 10 Jan 83 p 9

[Text] New Delhi, Jan 9--For the first time in the history of power generation in the country, the power sector had exceeded the target set for it by 20 million units in December 1982, the Union Minister of State for Energy, Mr Vikram Mahajan, said today.

The record generation has been brought about by a combination of factors, not the least of which are greater efficiency of power stations throughout the country and improvement in the working of the Central projects at Badarpur, Singrali and Baira Siul, he said.

The breakthrough has been achieved in the power sector--perhaps the only sector in which this has come about in 1982, the year of productivity--despite this being a year affected by drought, which has hit power generation in the South in particular.

He said the increase in power availability had also reduced the overall shortage in the country. Against a 16.1% shortage in 1979-80, the shortage had dwindled to 7% during December 1982.

According to statistics quoted by him, the generation target set by the Government was 127.5 billion units. The actual generation has surpassed this target by 20 million units.

In November 1982 thermal generation was 6.556 million units, and in December 1982, it was 7,511 million units, representing a 14.6% increase. Again, compared to December 1981, thermal generation showed an increase of 19.5% in December 1982.

The highest thermal generation recorded was 254.14 million units on December 23, 1982.

He said a comparison had been made of the increase in thermal generation in 1982 with that in 1979. It indicated a "tremendous improvement" in the various regions of the country, the southern region advancing by 75.6%, followed by the northeastern region (50.5%), the northern region (40.9%), the western region (38.4%) and the eastern region (17.0%). The all-India figure of advance was 39.1%.

Thermal generation in 1982 was 12% higher than in 1981.

Mr Mahajan said Central projects at Badarpur, Singrauli and Baira Siul had performed better in generating power during November and December 1982. This had not only helped in maintaining uninterrupted power supply in Delhi during Asiad but had made it possible to extend additional assistance to the power-hungry states of Rajasthan, Haryana, Bihar, Madhya Pradesh and Jammu and Kashmir.

The extended assistance provided by the Central projects to the Delhi Electricity Supply Undertaking, Uttar Pradesh, Rajasthan, Punjab, Haryana, Jammu and Kashmir, the Bhakra Management Board, Bihar and Madhya Pradesh was of 346.89 million units in November 1982 and 448.59 million units in December 1982.

CSO: 4600/1572

## YEAR-END REVIEW OF INDIA'S FOREIGN TRADE REPORTED

Bombay THE TIMES OF INDIA in English 28 Dec 82 p 6

[Text] NEW DELHI, December 27 (UNI).

**I**NDIA lowered its trade deficit for the second successive year in 1982—a year which saw the world in the grips of an economic crisis marked by lower rates of output, growth, deflation of commodity prices, decline in the volume of trade goods, rising unemployment and sharp fluctuations in exchange rates.

The new year holds out the promise of an even lower trade deficit, while the country continues to maintain the 1982 trend of a higher rate in exports and reduced imports.

The year-end review of India's foreign trade for 1982 revealed that the performance of exports in respect of a number of primary and manufactured products showed significant improvement, even though certain agricultural commodities suffered a decline. The prolonged strike in Bombay's textile mills was a constraint.

The government's efforts to maximise exports as well as substitute imports where possible, have yielded results. The trade structure has widened and diversified. Exports to east European and developing countries have significantly increased. This direction of trade has enabled India to reduce its dependence on the industrialised west.

**BALANCE OF TRADE:** India's external trade and balance of payments situation has been under severe strain since 1979-80. During this period, there had been a sharp increase in the deficit of India's foreign trade, chiefly on account of a disproportionate rise in the import bill due to a steep increase in world prices of major imports, particularly those of petroleum and petroleum products.

In 1981-82, petroleum and petroleum products continued to be the biggest item of import — 20.1 million tonnes valued at Rs. 5161 crores. The deficit of foreign trade, which stood at Rs. 1088 crores in 1978-79, increased to Rs.

2562.99 crores in 1979-80 and Rs. 5813.20 crores in 1980-81.

**IMPROVED TRADE:** The trend in India's foreign trade, however, tended to be better during 1981-82, when the deficit came down marginally to Rs. 5792.53 crores. The overall exports during this year amounted to Rs. 7796.18 crores. As compared to the previous year's exports of Rs. 6710.17 crores, the exports during 1981-82 registered a rise of about 16.2 per cent.

Imports, on the other hand, during 1981-82 at Rs. 13588.71 crores, registered a rise of 8.5 per cent over the previous year's imports of Rs. 12523.91 crores.

According to the latest available data, India's export during April-September 1982 at Rs. 4068.68 crores have shown an increase of 12.8 per cent over the exports worth Rs. 3606.68 crores during the corresponding period of last year. Imports during the same period at Rs. 6673.98 crores have shown an increase of 3.9 per cent over last year's corresponding figure of Rs. 6424.03 crores. Thus, the deficit in India's foreign trade for April-September, 1982, at Rs. 2605.30 crores is less than the deficit of Rs. 2817.35 crores for the corresponding period of last year. If the present trend continues, there is every possibility that India will have a lower trade deficit in 1982-83.

**COMMODITY PERFORMANCE:** The latest data of commodity-wise export performance received from various export promotion councils and other export promotion organisations during April-September 1982, showed increase in certain items over the corresponding period of last year.

These are — coffee 56 per cent, tobacco 47 per cent, marine products 31 per cent, iron ore 20 per cent, gems and jewellery 18 per cent, engineering goods 14 per cent, chemicals and allied products 23 per cent and raw cotton 345 per cent.

The prominent items which suffered a decline in exports during this period in comparison to the perform-

ance in the corresponding period of last year, include: tea 25 per cent, cashew kernels 39 per cent, cotton fabrics 8 per cent, and garments 6 per cent.

**DIVERSIFICATION OF EXPORT MARKET:** A number of steps have been initiated to diversify exports to various East European and developing countries. India's exports to the East European countries consist of a large variety of items.

The U.S.S.R. was the biggest buyer of Indian goods in 1982. The annual trade plan envisaged a two-way turnover of Rs. 3260 crores. A major share of India's exports to this country consists of agricultural products amounting to Rs. 463 crores, textiles coming next with Rs. 447 crores. The engineering items accounted for Rs. 100 crores and chemicals and allied products Rs. 245 crores.

The next major buyer of Indian goods among the socialist countries was Czechoslovakia, with an export turnover of Rs. 178 crores. Here again, the agriculture products and textiles occupied a pride of place with provisions of Rs. 75.8 crores and Rs. 41.5 crores respectively.

In the case of Poland, out of a total export performance of Rs. 166 crores, agricultural products covered Rs. 119.6 crores, textiles Rs. 23.7 crores and engineering products Rs. 10.8 crores.

The Indo-GDR trade plan of 1982 provided for exports worth Rs. 148 crores, out of which agricultural products covered Rs. 48.6 crores and leather and leather goods, Rs. 46.5 crores.

In the case of Rumania, the pride of place was taken by minerals and ores, accounting for Rs. 72.2 crores, agricultural products Rs. 19.6 crores, and engineering goods Rs. 16.6 crores.

Apart from traditional items of tea and coffee, the other two items which are being exported in big quantities to East European countries are oilseed extractions and wet, blue leather. India has progressively increased exports

manufactured and non-traditional goods which now form more than 50 per cent share in the total exports to these countries.

It is estimated that at the end of 1982, India would have achieved a favourable balance with every country with which it has rupee payment agreement.

**LIBERALISATION:** New measures to boost industrial production have been initiated. On April 21, 1982 the government announced major liberalisation in the industrial licensing policy. More areas of industries have been thrown open to large houses and F.I.R.A. (Foreign Exchange Regulation Act) companies to stimulate growth in the core sector and in other industrial sectors with export potential. The move is expected to help adoption of advanced technologies, realise economies of scale and give encouragement to units with potential for large-scale ancillarisation in the "year of productivity" — 1982.

The industries that have been thrown open to large houses and F.I.R.A. companies include, among others, metallurgical industries, electrical equipment, transportation, fertilisers, chemicals, certain drugs and pharmaceuticals, cement and industrial machinery.

The government has also decided to re-endorse industrial licence to a higher capacity of up to 33.3 per cent over and above the highest production in any of the last five years' surplus as compared to the 25 per cent growth that was allowed earlier. This measure is intended to stimulate industrial growth and result in increased utilisation of capacity and generally improve the industrial climate in the country.

The major steps taken by the government to achieve higher levels of production, included relaxation of licensing controls, improvement in infrastructural facilities and simplification of rules and regulations which

affect the productive process. Import licensing procedures have been simplified by further decentralisation of powers and doing away with import control licensing. The policy for grant of cash compensatory support has been extended for a further period of three years upto March 1985.

**INTERNATIONAL EFFORTS:** In the international arena, continuous efforts were made to strengthen the collective self-reliance on the part of developing countries. It was largely on account of efforts made by India that negotiations for the establishment of a global system of trade preference among the developing countries could be launched by the ministerial meeting of the group of 77 held in New York in October 1982. The GSTP negotiations will cover exchange of concessions by the developing countries in the area of tariff, non-tariff and para-tariff barriers. The components of the GSTP also included adoption of indicated targets for the expansion of trade, bilateral agreements and long-term contracts.

In the 30th annual session of the GATT held in Geneva at the ministerial level from November 24 to 29, 1982, the Indian delegation, led by the commerce minister, Mr. Shivraj V. Patil, was very active in the evolution of the final package which fully meets India's objectives and concerns. The ministers gave a call for implementing more effectively part IV of the GATT dealing with the special concerns and problems of developing countries, and for working towards further improvement of market access for products of export interest to developing countries.

The long drawn-out negotiations for international agreement on jute and jute products concluded successfully on October 1, 1982, with the adoption of the text of an international agreement on jute and jute products.

**INDO-EEC:** The first meeting of the joint commission set up under the Indo-EEC economic and commercial

cooperation agreement was held in New Delhi on January 22, 1982. It reviewed cooperation in the wide range of commercial and economic endeavour. It called for promotion of industrial cooperation, including transfer of technology, mutually beneficial investments and scientific and technical cooperation. The president of the EEC, Mr. Gaston Thorn, visited India in November, 1982.

Trade talks were held with a number of countries in order to strengthen the economic, technical and scientific cooperation with them. The meeting of the Indo-Italian joint commission was held in April. The Indo-French joint commission met in Helsinki in May. The Indo-Greek joint committee and the Indo-Iran joint committee met in September and October, respectively. It highlighted the scope for increasing economic cooperation. The Indo-Italian joint committee which met here in November stressed the need for doubling the trade turnover.

The eighth meeting of the Economic Commission for Africa-India-Sri Lanka negotiations on trade, transport and cooperation. Indo-British economic committee meeting in London. Indo-Japanese conference on joint tendering and sub-contracting, and Indo-African trade dialogue, were some of the important events of the year.

During the year, a number of trade delegations visited India. A delegation of British consultants' bureau led by the Duke of Gloucester visited India to discuss the possibilities of a tie-up between the consultants of India and the U.K. for projects in third world countries, especially in the Gulf area.

The Bulgarian deputy prime minister, the Rumanian deputy minister, the Iranian foreign minister and the Soviet deputy minister for foreign trade, were among the important dignitaries who held talks with the commerce minister to improve trade relations.

## PRESS REPORTAGE, COMMENT ON RELATIONS WITH PRC

Defense Institute Expert

New Delhi PATRIOT in English 14 Dec 82 p 5

[Text] CHINA is applying discreet pressure on India on the border question by reviving its claims in the eastern sector, according to an expert in New Delhi, reports PTL.

Dr K N Ramachandran, a China-hand at the Institute for Defence Studies and Analyses, commenting on the recent Chinese reference to Arunachal Pradesh, which caused a setback in the ongoing normalisation process, said that the Chinese claim to 35,000 sq. miles in the erstwhile NEFA was only a 'formal claim', about which China was 'not quite serious'.

But what the Chinese side probably wants, according to him, is to remind New Delhi that if it does not go along with the cur-

rent Chinese position of a package approach on border which involves India's recognition of the Chinese position in the western sector in exchange for China's recognition of the McMahon Line in the eastern sector, China would continue to reiterate its claim in Arunachal Pradesh. China is in occupation of 14,500 sq miles of Indian territory in the western sector.

A similar diplomatic flutter was caused a few months back when China refused to grant visa to the Arunachal Speaker Raj Kumar, who was to attend a UN Population Conference in Beijing.

China then pointed out that India was trying to score a political point by sending a repre-

sentative from a disputed area. The controversy was resolved through UN intervention when China agreed to grant a normal visa to Mr Raj Kumar.

The package proposal on the border mooted by Chinese leader, Deng Xiaoping, in June 1980 and April 1981 itself suggested that China was not keen to assert its claim in Arunachal Pradesh. In fact, as early as November 1956 the late Zhou En-lai had agreed to accept the McMahon Line alignment in that sector after consultations with Tibetan authorities.

Chinese leaders had laid more emphasis in the past on their claims in the west which they considered as a 'relatively bigger dispute'.

G. K. Reddy on Scheduled Talks

Madras THE HINDU in English 15 Dec 82 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI, Dec. 14

The Government of India has taken note of news agency reports from Beijing that the Chinese Foreign Ministry is quite hopeful that the next round of Sino-Indian talks will be held on schedule, despite the recent controversy over the propriety of including an Arunachal Pradesh dance sequence at the closing ceremony of the Asian Games.

A spokesman of the Chinese Foreign Ministry has been quoted as saying that the two Governments were now engaged in consultations about mutually convenient dates.

The Chinese had suggested the third week of January, but the Indian side proposed the last week since the leader of its delegation, Mr. K. S. Bajpai, Secretary in the External Affairs Ministry dealing with Sino-Indian relations, would be busy visiting several countries during the next one month in connection with the coming non-aligned summit conference.

No retaliation: What is even more significant than the continued interest that China is displaying in the next round of official talks, despite the controversy over Arunachal Pradesh,

is that Beijing has not thought of recalling in retaliation even one of the three Chinese delegations currently visiting India on invitation, as a sort of tit-for-tat, for cancelling the trip of the official Indian delegation to the Kotnis memorial function.

The Chinese women's delegation has been having a very cordial welcome from Indian women's organisations wherever it has gone, while the health delegation led by a Vice-Minister has been engaged in high-level discussions with both the Central and State Governments on health problems. The third delegation of scientists has been visiting a number of scientific and technological institutions.

Senior Indian officials attended the dinner given by the Chinese Ambassador today in honour of the health delegation, while many prominent Indian women responded to the invitation of the Ambassador's wife to meet the members of the women's delegation.

After taking up public positions over the Arunachal issue to maintain their respective postures, the two sides have kept the controversy within manageable limits and displayed the necessary restraint in maintaining a distinction between the continued dialogue on

the border dispute and the reassertion of their claims for purposes of record.

The Indian Ambassador in Beijing, Mr. A. P. Venkateswaran, has been asked to get in touch with the Chinese Foreign Ministry to discuss mutually convenient dates for the next round of talks, which partly depend on flight schedules.

It is not without significance that he will be representing India at the Kotnis memorial function in Beijing tomorrow.

The Sino-Indian dialogue, which started with the visit of the former External Affairs Minister, Mr. Atal Behari Vajpayee, in February 1979, suffered a major setback when he cancelled the remainder of his trip following the Chinese attack on Vietnam. The second setback came when the former Chinese Foreign Minister, Mr. Huang Hua, who was due to pay a return visit in October 1980, put it off in the wake of the Indian recognition of the Heng Samrin regime.

The dialogue really commenced only after Mr. Huang Hua visited Delhi in June 1981, when it was agreed that a border settlement was central to the process of normalisation. There have been two rounds of official talks already and the third round is to take place in Beijing next month.

#### CPI Leader on Asiad Criticism

Madras THE HINDU in English 15 Dec 82 p 9

[Text]

TRIVANDRUM, Dec. 14.

The CPI general secretary, Mr. C. Rajeswara Rao, today supported the Government decision to cancel the visit by an official delegation to Beijing, following the Xinhua report insinuating that India had deliberately misused the Asiad forum by including the Arunachal Pradesh dance item in the concluding ceremony to advance its untenable territorial claims.

Asked for his comments on the issue at a news conference, Mr. Rao said China had accepted that Arunachal Pradesh was part of India when it mentioned the McMahon Line as the Sino-Indian border. "To raise such an objection (to inclusion of the Arunachal Pradesh dance item in the Asiad events) is very wrong.

To a question whether he agreed with the Government decision, the CPI leader answered in the affirmative. However, efforts towards normalisation of relations (between China and India) should continue and there was a possibility of this in view of the internal situation in China and the changes taking place there.

On the Congress-I election manifesto which said regional parties should be kept out,

Mr. Rao said they could not be done away with, but regionalism should be fought by all.

"Let us talk of realities. In different States, so many regional parties are there. How can you ignore them? Regional parties are going to stay", Mr. Rao said.

At the same time, "regionalism must not be given any quarter. That is a danger."

**Differences with CPI (M) being narrowed down:** To a question, he said the CPI (M) was one with the CPI in fighting the BJP in the Andhra Pradesh Assembly elections. The differences between the two parties were narrowing down and they were now working together.

What about their merger then? "Merger not now", Mr. Rao said, and added, "Let merger be a natural process. Let us not rush it. We cannot merge like the Congress parties in one day. We have to discuss.

In Andhra Pradesh, the communist parties together were contesting 70 seats and "we hope to fare better and increase our strength." This was the first time they were fighting elections in the State together.

REPORTS ON PRC ASSISTANCE TO PAKISTAN INVESTIGATED

Madras THE HINDU in English 16 Dec 82 p 1

[Article by G. K. Reddy]

[Text] New Delhi, Dec. 15.

The government is making discreet inquiries in the capitals concerned to obtain corroborative evidence, if any, of the reported Pakistani bid to make a nuclear bomb with such assistance as it is able to acquire from other countries that are prepared to secretly assist it.

It has not been attaching undue importance to foreign press reports, like the one appearing in the NEW SCIENTIST, a British publication, that Pakistan may have produced already 20 kg of weapons-grade plutonium that is enough for making two Hiroshima-type bombs, or the more sensational NEWSWEEK disclosure that China had given both raw uranium and the blueprints for bomb manufacture.

But the report broadcast by the BBC last night that the Reagan Administration had told the foreign relations committee of the Senate at a secret hearing, on the eve of Gen. Zia-ul-Haq's visit to the United States, that China was actively assisting Pakistan in its nuclear programme, has set the Indian experts thinking seriously of the grave consequences.

The Government is trying to ascertain from Washington, through its own sources, what exactly the foreign relations committee had been told by the State Department, whether it had indeed said as reported by the BBC and hinted at in the NEWSWEEK disclosure that China had given the bomb designs, besides supplying uranium.

When the Chinese Embassy was informally asked a couple of months back whether there was any truth in the western press reports about the alleged clandestine assistance to Pakistan, the Chinese diplomats dismissed them as totally baseless saying that the very same sources had also accused China of supplying heavy water to India which those in authority in Delhi should know was totally false.

The Government of India, however, took note of the reported refusal of the U.S. to sign a nuclear cooperation agreement with China, not only because

it was not a signatory to the Non-Proliferation Treaty, but also due to Beijing's refusal to give a firm assurance that it would not transfer nuclear technology to third countries like Pakistan. There is, however, no reliable information to suggest that China was, indeed, assisting Pakistan in any way in its nuclear programme other than the well publicised exchange of scientific delegations.

The first suspicions of Pakistan's clandestine activity at the Karachi Nuclear Power Plant (KANUPP) had arisen following its refusal to let IAEA tighten the inspection procedures. The fact that the reactor had been operating for some time at reduced power had been cited by the NEW SCIENTIST as evidence enough that it was being used secretly for producing weapons-grade plutonium.

A more disquieting feature of Pakistan's nuclear activity has been the completion, or near completion, of a reprocessing plant at Chasma and an enrichment facility at Kahuta, near Rawalpindi, for extracting spent fuel and enriching uranium to weapons grade.

The Indian experts who keep a close watch on Pakistan's nuclear programme have, no doubt, considerable information of their own on various aspects of it. But they require independent corroboration of the published reports in the western press, and also the reported secret testimony of the State Department to the Senate foreign relations committee, to make a proper assessment of the nature and extent of the threat posed by Pakistan's ambitious bid to acquire nuclear weapons.

It is largely in this context that India is trying to collect all available details of the kind of assistance that Pakistan is obtaining from various countries either with the active connivance of their Governments or through commercial channels from companies bent on secretly selling their equipment.

CSO: 4600/1506

## PRC PEOPLE'S CONGRESS LEADER FOR BETTER TIES WITH INDIA

New Delhi PATRIOT in English 16 Dec 82 p 3

[Text]

**BELJING, Dec 15 (PTI)**—China's oldest statesman, Marshal Ye Jianying, chairman of National People's Congress (Parliament), today pleaded for improved Sino-Indian relations.

Mr Ye Jianying, the 86-year old de facto head of State, told the visiting All-India Kotnis Memorial Committee delegation India and China are two great countries.

'We are also close neighbours and our friendship should grow from generation to generation'.

The nine-member Kotnis Memorial Delegation is being led by Dr B K Basu, lone surviving member of the Indian medical mission, which was sent by the National Congress during the anti-Japanese war to help the wounded and sick Chinese in 1938.

Dr Kotnis could not return to India, and died in China on 9 December 1942 because of heavy workload.

Along with the delegation, five members of Kotnis family were invited by China to participate in the observance of 40th death anniversary.

During the delegation's meeting with Marshal Ye Jianying Indian

ambassador A P Venkateswaran was also present.

In the evening, Mr Venkateswaran hosted a reception to mark the observance of the death anniversary of Dr Kotnis and the 25th death anniversary of Dr Atal. Dr Atal was the leader of the Indian medical mission, and died in Beijing during one of his visits to China on 1 December 1957.

Apart from the members of the Kotnis memorial committee delegation, the reception was attended among others by Mr Wang Bingnan, president, Chinese People's Association for Friendship with foreign countries and Mr Hu Hao adviser to the Chinese Foreign Ministry.

Mr Fu had led the Chinese delegation to the second round of Indo-China official level talks on normalisation of relations between the two countries held in Delhi in May this year.

China's Health Minister Cui Yue Li Vice-President of Chinese People's Association for Friendship with Foreign Countries, Lin Lin and the Vice-Mayor of Beijing Wang Xiao Yi were also present at the reception.

CSO: 4600/1507

## PAPER INTERVIEWS VISITING VIETNAMESE FOREIGN MINISTER

New Delhi PATRIOT in English 23 Dec 82 pp 1, 7

[Text] VIETNAMESE Foreign Minister Nguyen Co Thach feels that the Seventh Non-Aligned Summit should promote the new trend of dialogue between the ASEAN member-states and the countries of Indochina. Only by pursuing such a course the non-aligned movement will be able to defeat all the schemes aimed towards a confrontation between the two groups of nations at the summit.

In an exclusive interview, Mr Co Thach told PATRIOT Editor that the Seventh Summit should help in creating a favourable climate for fruitful negotiations between the concerned parties in South-East Asia. The movement should "resolutely get rid of the schemes of confrontation between the ASEAN and Indo-chinese countries within the summit."

The Non-Aligned Foreign Ministers' Conference held in New Delhi in 1981 had endorsed and encouraged this trend of dialogue, he affirmed.

The policy of China as well as some ASEAN members seeking to impose their will on Indochina during the past three years through confrontation and hostile actions "could not solve the problem and had further endangered the situation in South-East Asia," Mr Co Thach underlined.

He said there were potentialities of further development of economic cooperation between the two countries. Such cooperation, he was convinced, "will finally develop to become a fine model of international cooperation today, especially

South-South cooperation and among non-aligned countries".

"The formation of the Vietnam-India Joint Commission on Economic, Scientific and Technical Cooperation is an event of significant marking a new step in the development of the many sided cooperation between our two countries," he added.

Commenting on the recent voting in the Kampuchea General Assembly on the issue of representation of Kampuchea in the world body, the Foreign Minister pointed out that twenty years of voting in the UN in favour of Chiang Kai Shek could not reverse the situation in China. On the contrary, it was the situation in China which had reversed the voting in the UN. Therefore, four years of voting for Pol Pot in the UN could not reverse the rebirth of the Kampuchean people.

"It is certain that in the end the rebirth of the Kampuchean people will reverse the voting in the UN Pol Pot or Pol Pot with Sihanouk cosmetics has no room in Kampuchea, no room in the heart of its four millions people who have escaped the Pol Pot genocide," he said.

He strongly opposed the move that the so-called democratic coalition headed by Sihanouk be given the vacant seat of Kampuchea at the seventh summit. "The non-aligned movement is not the UN. The sixth summit's decision is for a vacant seat which must be observed until the seventh summit's decision is otherwise," he added.

He said his talks with the leaders of ASEAN countries in the recent past had been 'very useful,

very beneficial to peace and stability in South-East Asia. We have better understanding and now Indo-chinese and ASEAN states are engaged in a dialogue', he averred.

However, it was unfortunate that China and the ASEAN had rejected the Vietnamese proposal for total withdrawal of its troops from Kampuchea immediately after cessation of the threat to the security of the Indo-chinese countries, he said, adding that the former were continuing their hostile activities while striving to mount pressure for unilateral pullout of Vietnamese troops.

Expressing the confidence that the Seventh Summit would achieve resounding success, Mr C Thach said Vietnam was happy to find New Delhi selected as the venue of the next summit since India was the 'cradle of the non-aligned movement' and a country with which Vietnam had age-old and consistent relations of friendship and cooperation.

Paying rich tributes to this country, the Vietnamese Foreign Minister said, 'True to the cause and ideals of Jawaharlal Nehru, a famous founding father of the non-aligned movement, the Republic of India under the leadership of Prime Minister Indira Gandhi is promoting with a policy of peace, independence and non-alignment, its major role in the settlement of international problems and has become an important factor for peace and security in Asia and the world. The Republic of India has, over the past years, made a great contribution to the consolidation of the peoples struggle for national independence and world peace'.

## CZECHOSLOVAK FOREIGN TRADE MINISTER VISITS DELHI

New Delhi PATRIOT in English 16 Dec 82 p 1

[Text]

**C**ZECHOSLOVAKIA is keen to import from India more manufactured goods and machinery in the near future and has proposed to set up in this country a new plant for producing cotton yarn which it will buy back under co-production arrangements.

These are learnt to have been conveyed by visiting Czechoslovak Minister of Foreign Trade Bohumil Urban during his separate meetings with Finance Minister Pranab Mukherjee and Commerce Minister Shivraj Patil on Wednesday.

In the course of his 40-minute meeting with Mr Mukherjee, Mr Urban spoke of Czechoslovakia's readiness to help in India's programmes for industrialisation.

The two Ministers reviewed the trade relations which, they noted with satisfaction, had been growing at a time when global trade was encountering general depression. They expressed the hope that these relations in trade would grow in the coming years and get further diversified.

During his meeting with Mr Patil, Mr Urban said Czechoslovakia was considering increasing imports of textile machinery, auto-

ancillaries, machine tools, shock absorbers, tyres and apparel from India.

He reiterated his country's offer to provide rolling mills, power and electrical equipment for the Visakhapatnam project. Mr Patil welcomed these offers and is learnt to have assured the visiting Minister that these would be looked into by the appropriate ministries.

Mr Urban spoke of Indo-Czechoslovak cooperation in processing manganese ore. He also pointed to Czechoslovakia's proposal for collaboration with India to produce trolley buses in India and said his country was waiting for the visit of an experts' delegation from India for further consultations in this regard.

Both the Ministers noted that non-traditional imports of Czechoslovakia from India now accounted for 45.7 per cent of the total imports. They were of the considered view that there was considerable scope for enhancing the volume of trade through cooperation in third country ventures on the basis of complementarity and mutual interest.

CSO: 4600/1507

## ENGINEERING PANEL CHAIRMAN TELLS OF EUROPEAN TOUR

Calcutta THE STATESMAN in English 15 Dec 82 p 3

[Text]

**MR G. D. Shah**, chairman of the Engineering Export Promotion Council, told reporters in Calcutta on Tuesday that because of the current global recession, the country had been forced to export at a lower price. He, however, hoped that despite the lower unit value realization, "it might be a boon for us" two years from now since it would help boost exports.

Mr Shah was sure that the export target for the current financial year would be met. Already, 1,200 crores of the 1,400-crore target had been met, he added. The target for the 1984-85 period was around 2,450 crores.

The EEPC chairman, who recently returned from West Germany after attending a "successful" Indo-West European Conference on Cooperation in Engineering at Duesseidorf, said the conference had provided an exposure of the wide range of ancillaries and components that could be exported from India to West European manufacturers. Nearly 150 West European participants were present at the conference along with representatives of 67 Indian firms and senior officials of the Centre. Later, second Indo-Scandinavian conference on engineering products and ancillaries was held at Stockholm.

Mr Shah claimed that there had been overwhelming response at both the conferences from West European and Scandinavian manufacturers. Twelve business contacts were "under active negotiation"

with these manufacturers in respect to auto ancillaries, machine tools and industrial equipment. There were also discussions regarding possible collaboration in India.

The EEPC chairman hoped that all these would result in boosting exports. The present export of Indian engineering goods to West European and Scandinavian countries was around Rs 140 crores. The council's projection was that by 1984-85, total exports to these regions would go up to around Rs 285 crores.

Mr Shah regretted that the Scandinavian countries had been totally neglected by Indian entrepreneurs all these years, despite the immense business potential in these countries. At present, the total exports to these countries amounted to a paltry Rs 2.5 crores to Rs 3 crores annually. He felt that India should concentrate less on the U.K. and efforts and resources should be mobilized for the promotion of business to the Scandinavian countries.

He said that inspired by the overwhelming response to Indian goods, the Centre had recommended the opening of a special cell at the EEPC office at Duesseidorf "to look after the interests of the Indian automotive ancillary industry". He said the council's proposal to set up a warehouse at Birmingham had been approved by the Centre. The council, he said, also had plans to set up a second warehouse somewhere in West Germany.

CSO: 4600/1502

MAURITIUS PRIME MINISTER INTERVIEWED ON DELHI VISIT

Calcutta THE STATESMAN in English 21 Dec 82 p 9

[Text] New Delhi, Dec. 20.--Mauritius will campaign in a big way for the return of Diego Garcia to his country in the coming non-aligned conference here. This was stated by the Mauritius Prime Minister, Mr Anerood Jugnauth, here today.

Mr Jugnauth, who is here on a private visit, said he was confident of getting support from India in the Mauritius campaign. He had made clear his Government's policy to Mrs Gandhi during her visit to Mauritius early this year and she had extended her strong support to Mauritius. The Mauritius campaign at the non-aligned conference would be the beginning of intensification of its campaign in all international forums for the return of the island.

Mr Jugnauth said Mrs Margaret Thatcher had given him a "cunning" answer to his demand for the return to the Diego Garcia island to Mauritius. The British Prime Minister had told him that she recognized the Mauritius claim of sovereignty over Diego Garcia but the island had been kept apart for the sake of world peace and security of the "democratic and civilized world". That was a stand which the Mauritius Government did not accept.

Asked if Mauritius intended to move the international court of justice to seek the restoration of Diego Garcia to Mauritius, Mr Jugnauth told reporters that it could not be done as both parties had to agree to it. On its part, Mauritius had suggested it to Britain but the latter had rejected the suggestion, he added.

Mr Jugnauth said his Government wanted India to replace South Africa as the principal exporter of food commodities. But that would be a "gradual process".

Mr Jugnauth said it was cheaper for his country to import from South Africa. The bilateral agreements between Mauritius and South Africa could not be revoked. In spite of the heavy trade with Dublin, South Africa would not succeed in meddling in the affairs of Mauritius, he clarified in reply to a question.

In this connexion, Mr Jugnauth said that Mauritius was "actively engaged" in setting up a southwest Indian Ocean commission consisting of his country, Madagascar, Comoros, Seychelles and Reunion Island. A preparatory meeting was being held in Port Louis which was being attended by Foreign Ministers.

The Mauritius Prime Minister also spoke about the first meeting of the authority of heads of State and Government of the preferential trade area for eastern and southern African States.

CSO: 4600/1510

MINISTER ADDRESSES UNGA ON SITUATION IN NAMIBIA

New Delhi PATRIOT in English 14 Dec 82 p 7

[Text] New York, Dec 13 (PTI)--India today expressed serious concern over the dangerous situation created by South Africa's stranglehold over Namibia in total defiance of world opinion and called upon the Security Council to impose forthwith comprehensive and mandatory sanctions against the Pretoria regime.

All efforts to make South Africa pay heed to the will of the world community "have not had an iota of success in restraining South Africa in its acts of belligerence", Minister of State for External Affairs A A Rahim told the UN General Assembly today.

Expressing India's "deep sense of pain and anguish as also frustration" at the fact the people of Namibia continue to live in bondage and repression, Mr Rahim said the "history of negotiations" relating to its independence "has truly become a story of frustration and disappointment".

All the while South Africa had made use of the opportunity only to consolidate her illegal presence in Namibia and to drain the territory of its precious wealth. Transnational corporations continued to operate in that territory amassing huge profits in violation of innumerable UN resolutions.

"The UN", he said, "cannot afford the odium of having to bequeath to the future government of a free Namibia, a land stripped bare of its resources and mired in underdevelopment".

Mr Rahim pointed out that for 16 long years Namibia had been a direct trust of the United Nations and yet the question of its independence had remained intractable and continued to appear repeatedly on the agenda.

Of late, he said, attempts had been made to link Namibian independence with extraneous issues. A pure and simple matter of decolonisation was being given ideological dimension thus seriously jeopardising chances of an early settlement.

India, he said, believed that the presence of Cuban troops in Angola was the sole concern of those two sovereign nations and should not in any way be allowed to impede efforts to secure Namibian independence.

South Africa had also been committing unprovoked and wanton aggression on Angola and other states of Southern Africa and kept the entire region in "terror and turmoil" endangering world peace and security. The racist regime continued to receive military assistance from various quarters and its reported acquisition of nuclear weapons capability had added yet another dangerous dimension to the whole situation.

CSO: 4600/1504

## SOVIET-AIDED POWER UNIT TO BE READY BY 1987

Madras THE HINDU in English 15 Dec 82 p 11

[Text]

NEW DELHI, Dec. 14.

The first 210 MW unit of the Vindhyachal thermal power station, being built in Madhya Pradesh with Soviet cooperation, will be commissioned by June 1987 and the other five units at six monthly intervals thereafter.

This was officially stated after the second meeting of the Indo-Soviet working group on power, which concluded here today. A protocol was signed between the two countries and the working programme on cooperation in power was delineated for the next three years.

Mr. T. R. Satish Chandran, Secretary, Department of Power, signed the protocol on behalf of India, and Mr. N. A. Lopatin, Soviet Deputy Minister for Power and Electrification, on behalf of the USSR.

The two sides identified further areas of cooperation in hydro power and power systems development, and possibilities of cooperation in new areas.

Both countries expressed interest in designing, constructing and commissioning power projects in third countries.

The working programme for power, which is being coordinated under the agreement on economic and technical cooperation, is directed at increasing the output of electricity in India, and the efficiency and reliability of power stations.

The programme includes the construction of power projects, creation of a unified power system for the entire country, organisation of a centralised service for the repair of power equipment of Soviet design, and possible joint construction of power stations in third countries.

The group also provides for the development of programmes to improve professional skills of various categories of specialists at joint Indo-Soviet projects and also training of Indian specialists at power plants in the Soviet Union.

CSO: 4600/1504

## AGREEMENT SIGNED FOR SWISS ASSISTANCE TO INDIA

New Delhi PATRIOT in English 22 Dec 82 p 5

[Text] Switzerland will provide Rs 18.71 crores (Swiss Franc 40.8 million) worth grant assistance to India under the two agreements signed in New Delhi recently, reports PTI.

Under the first agreement Switzerland will give grant assistance worth Rs 11.47 crores (S FR 25 million) for the National Bank for Agriculture and Rural Development (NABARD), Bombay and under the second agreement grant assistance worth Rs 7.24 crores (S FR 15.8 million) will be provided for the Institute of Rural Management, Anand.

The financial contribution of Rs 11.47 crores (S FR 25 million) will be made available to the Government of India over two years (1982-83) for financing rural development operations for the benefit of small farmers and industries in the tiny and decentralised sectors through NABARD, says an official release.

The Swiss contribution of Rs 7.24 crores (S FR 15.8 million) has been made available to the Government of India for construction of the Institute of Rural Management, Anand, as well as for the development of its faculty. This also includes a technical cooperation component of Rs 82.8 lakhs (S FR 1.8 million).

Though not a member of the Aid India Consortium, Switzerland has been extending economic aid to India since 1960.

The total aid given so far by way of credits and grants is of the order of Rs 156 crores approx (S FR 340 million), which also includes financial contribution of Rs 18.4 crores (S FR 40 million) for the Agricultural Refinance and Development Corporation Project III (now known as NABARD).

The important Indo-Swiss technical assistance projects include cattle breeding and fodder development projects in Kerala, Punjab and Andhra Pradesh; Centre for Electronics, Design and Technology at the Indian Institute of Science, Bangalore; Biochemical Engineering Research Centre attached to the Indian Institute of Technology, New Delhi; International School of Milling Technology at the Central Food and Technological Research Institute, Mysore; Inter-State Tasar Silk Project and Bidar Integrated Rural Development Project.

CSO: 4600/1512

## BRIEFS

FOREIGN RESERVES DROP--New Delhi, Jan. 5--India's foreign exchange reserves had declined to Rs 3,359.43 crores by the end of November 1982. This is worth less than three months of imports. The level was reached even after drawings of Rs 1,241.44 crores in the current financial year from the International Monetary Fund which has given a three-year line of credit of 5,000 million. Special Drawing Rights or Rs 5,000 crores from its extended fund facility. Had the IMF loan not been available, the reserves would have fallen to an even more critical level. Nevertheless, the position shows a slight improvement over the same period of the previous year when the decline in reserves was to the extent of Rs 1,401.26 crores, or just around Rs 150 crores more than till the end of November 1982. [Text] [Calcutta THE STATESMAN in English 6 Jan 83 p 1]

PRC YOUTH TEAM--New Delhi, Jan 9--A four-member All-China Youth Federation delegation will soon visit India, at the invitation of the Indian Youth Congress(I). The delegation will visit different parts of the country and will be in India for two weeks. The team's programme is being drawn up. The Indian Youth Congress(I) had recently invited a Soviet Youth team, chosen by the Young Communists League or Komsomol which went round India for a similar period and held a Press conference at the end of it. They called for the establishment of cordial relationship between the youth of the two countries. [Text] [Calcutta THE STATESMAN in English 10 Jan 83 p 9]

DELHI CIVIC POLL--New Delhi, Jan 9--Five parties, Congress(J), CPI, CPI(M), DSP and Lok Dal(K), will form a joint front to contest the elections to the Metropolitan Council and Municipal Corporation in the capital, reports PTI. This decision was taken at a joint meeting of the five parties here today. In a joint statement later, the parties said the people of the capital had been in the past three years denied popular representation and had been suffering from multi-pronged attacks of rising prices, rampant corruption and deteriorating crime situation. [Text] [Calcutta THE STATESMAN in English 19 Jan 83 p 9]

SUGAR PRODUCTION STATISTICS--New Delhi, Jan 9--The sugar production in the current season beginning October, 1982, totalled 11,08,000 tons till December 15, 1982, against 11,35,000 tons in the corresponding period of last season, reports PTI. A press release by the Indian Sugar Mills Association says that 74,000 tons were exported during the period against nil exports in the corresponding period of last year. The off-take in the season for internal

consumption has also gone up to 14,92,000 tons, against 9,27,000 tons last year. Closing stocks of sugar factories stood at 28,38,000 tons on December 15, 1982, against 9,85,000 tons on the same date in 1981. [Text] [Calcutta THE STATESMAN in English 10 Jan 83 p 13]

TRADE WITH GULF--Kuwait, Jan. 10 (PTI)--Trade Fair Authority of India chairman, Mohammed Yunus has said that the Gulf countries were eager to improve trade with India. Speaking at a press conference at the venue of the AFAI exhibition here, on Saturday, Mr Yunus said "Goodwill and the opportunities are there. We will have to make them practicable." The channels for trade with Gulf countries had to be explored and created on a permanent basis and the TFAI was looking into it, Mr Yunus said. He also said that strict measures were now being taken to ensure that there was no lapse of Indian exports to these countries. India's export to Kuwait was worth 41.20 million dinars in 1980, a three-fold increase over 1976 whereas imports from Kuwait, mainly petroleum products were 64.60 million in 1980, twice as much as in 1976. Indian ambassador to Kuwait, Prem Shankar, was among others who were present at the conference. [Text] [New Delhi PATRIOT in English 11 Jan 83 p 7]

SOVIET PEACE TEAM--A six-member Soviet Peace Committee delegation led by prominent actress Via Artmane arrived in the Capital on Monday on a ten-day visit reports UNI. The delegation will discuss issues relating to world peace with their Indian counterparts in Bombay, Ahmedabad, Goa, Nagpur, Jabalpur and Raipur, where the visiting members would go in two groups. Via Artmane is the deputy chairman of the Soviet Peace committee and this is her first visit to India. Another Soviet delegation to arrive in the city was that of a three-member youth delegation led by Mr D. Ohromi, secretary of the Central Committee of the Young Communist League. The delegation will participate in the seventh congress of the National Federation of Democratic Youth at Patna. [Text] [New Delhi PATRIOT in English 11 Jan 83 p 10]

SOVIET-INDIAN COAL PACT--New Delhi, Dec. 15.--Russia will help India prepare detailed project reports for the development of Mukunda, Jhanjhra and Nigahi coal mines under a protocol signed between the two countries here yesterday. The signing of the agreement follows the second meeting of the working group on coal industry of the inter-Governmental Indo-Soviet commission on economic, scientific and technical cooperation. The protocol was signed by the visiting Soviet Deputy Minister for Coal Industry, Mr V. V. Beliy, and the Secretary in the Department of Coal, Mr S. R. Das. The protocol also provides for training of Indian specialists in the Soviet Union and the preparation of a master plan for the Talcher coalfield. Other areas identified for cooperation include construction of new washeries, directional blasting for removing nillocks in Singrauli coalfields and exploration of the possibility of underground gassification. The Soviet Union will supply shield equipment for Tipong mine. The Soviet Deputy Minister for Coal Industry, Mr V. V. Beliy, led a six-member delegation to attend the second Indo-Soviet working group meeting on coal industry. The Soviet delegation called on the Union Minister for Energy, Mr P. Shiv Shanker and the Minister of State for Coal, Mr G. S. Mishra. The next meeting of the working group is expected to be held in Moscow in September, 1983. [Text] [Calcutta THE STATESMAN in English 16 Dec 82 p 16]

LOK SABHA SPEAKER--Moscow, Dec. 24 (PTI)--India uses the Soviet experience in solving one of its most vital problems, that of nationalities, Lok Sabha Speaker Balram Jakhar has said. Mr Jakhar attended the celebrations here to mark the 60th anniversary of the formation of the USSR. "We have witnessed how the USSR managed to unify all nations without injuring the interests of any of them. All nations of the USSR are now in the collective mainstream marching forward to peace, progress and prosperity", he said, reports APN. Indo-Soviet friendship, Mr Jakhar said, was based on cordiality and mutual understanding. India, he said, took inspiration from the history of the USSR, and it helped his country a lot in fighting against imperialist forces. Despite differences in ideology, Mr Jakhar said, India and the USSR had a common goal--universal peace and progress. It was also the goal of many developing nations as well, and of the non-aligned countries in particular, he added. [Text] [New Delhi PATRIOT in English 25 Dec 82 p 7]

LOAN TO KENYA--Nairobi, Dec. 26. India will advance a Rs. 50 million loan to Kenya for importing capital and engineering goods from it. An agreement to this effect signed between the two countries here formalises the understanding reaching between them during the visit to India of the Kenyan President, Mr. Daniel Arab Moi early last year. During Mr. Moi's visit, India had agreed to extend a credit of Rs. 100 million to the Industrial Development Bank of Kenya and another Rs. 50 million direct to the Kenyan Government. The credit to the bank is already at its disposal under an agreement signed in September last year. The agreement for the amount to be given directly to the Kenyan Government was signed by the Indian High Commissioner, Mr. V. K. Grover and Mr. H. M. Mule, Permanent Secretary in the Kenyan Treasury.--PTI. [Text] [Madras THE HINDU in English 27 Dec 82 p 5]

CPI-M LEADER'S REMARKS--Vijayawada, Dec. 26. The general secretary of the CPI(M), Mr. E. M. S. Namboodiripad, today alleged that the Tripura Upajathi Juba Samithi, was indulging in attacks on his partymen. He told newsmen here that the TUJS men had thrown a hand grenade on the vehicle in which Mr. Dasarath Dev, CPI(M) leader, was travelling a few days ago, injuring three persons. There was another attack with rifle on the day the Prime Minister, was in Tripura, in which two persons were killed. Mrs. Gandhi had not condemned these attacks against his partymen, he said. Before Mrs. Gandhi's recent visit to Tripura, a serious situation had developed there, which gave the impression that the Congress (I) was using military personnel. Lt. Gen. Vaidya, had issued a statement justifying the electoral alliance between the Congress (I) and the TUJS saying that the Tripura Government's handling of the law and order situation was encouraging the extremists. "This is illegal and amounts to involving the military in politics, which poses a grave danger to the country," he cautioned. [Text] [Madras THE HINDU in English 27 Dec 82 p 9]

GOODS TO USSR--India has signed a contract for supply of spark plugs valued at Rs 1.42 crores to the Soviet Union reports UNI. The contract was signed at an automotive components buyers-sellers meet organised by the Projects and Equipment Corporation of India in Moscow recently. The aim of the trade meet was to apprise the buying organisations in the USSR, user manufacturing plants, the Ministries of Automobile Industries and Foreign Trades, of the range of manufacture and capacity and capability that India has achieved in the field of automotive components and ancillaries. [Text] [New Delhi PATRIOT in English 25 Dec 82 p 7]

CPI LEADER'S SPEECH--Moscow, Dec 21--CPI general secretary C Rajeshwar Rao has underlined the significance of Indo-Soviet friendship and observed that timely and consistent peace initiatives of Soviet Union have given a great fillip to the world peace forces. Addressing the 60th anniversary celebrations meeting of the USSR at the Kremlin Palace of Congresses today, Mr Rao stressed that it was mainly the armed might of the USSR that had prevented the imperialist warmongers from plunging the world into nuclear holocaust. Describing USSR as the mighty bastion of world peace, Mr Rao said it was a matter of pride for Indians that their country had been playing a significant role in preservation of world peace along with Soviet Union. [Text] [New Delhi PATRIOT in English 22 Dec 82 p 1]

INDO-SOVIET SPACE FLIGHT--The joint Soviet-Indian team for the space flight will be selected at the end of the training of the two Indian cosmonauts in September 1983, Soviet cosmonaut Y U Malyshev said on Saturday before his departure for Moscow, says PTI. He said, the Indian cosmonauts have started with studies of Russian language and were now studying techniques of space flight, space navigation and astronomy. Mr Malyshev lauded this Soviet-Indian scientific and technical cooperation in space research, which, he said, was now being discussed in the science academies of the two countries. [Text] [New Delhi PATRIOT in English 27 Dec 82 p 7]

NORWEGIAN AID--New Delhi, Dec. 27.--Norway will provide assistance worth Rs 7 crores to India for integrated child development services and women's employment, reports PTI. Two agreements to this effect were signed here today. These agreements were signed by Mr B. M. Oza, Joint Secretary, Department of Economic Affairs, Ministry of Finance, and Mr Tancred Ibsen, Norway's Ambassador to India. These two specific agreements were made under the umbrella agreement for economic cooperation signed recently between Norway and India for the period 1983-1986. Under one agreement, Norway will provide assistance worth Rs 5.72 crores for integrated child development services scheme and under the second agreement will give assistance worth Rs 1.29 crores for projects for women's employment. The financial contribution of Rs 5.72 crores will be utilized exclusively to cover costs connected with the implementation of the scheme of integrated child development services in 20 development blocks in Uttar Pradesh during the years 1982-83 to 1984-85. This scheme aims at raising the general standard of living of children in economically backward areas by providing integrated package of social services, including health services, nutrition and education. [Text] [Calcutta THE STATESMAN in English 28 Dec 82 p 9]

GREETINGS TO USSR--The CPI-M Polit Bureau has greeted the 'people and the Communist Party of the Soviet Union' on the occasion of the 60th anniversary of the foundation of the USSR. 'The foundation of a multinational state based on complete equality of all the constituent nationalities was one of the historic achievements of the October Socialist Revolution led by Lenin and the Bolshevik Party,' it said in a statement on Wednesday. [Text] [New Delhi PATRIOT in English 23 Dec 82 p 7]

CSO: 1525

PAPER BOASTS: IRAN, LIBYA, SYRIA ONLY STATES TO SAY 'SHUT UP' TO REAGAN

Tehran TEHRAN TIMES in English 29 Jan 83 p 1

[Commentary by Ali Zulfiqari]

[Text]

THE U.S. President Ronald Reagan in his Tuesday speech this week said that he "will not flag" in his efforts this year to bring "peace" to the Middle East. Mr. Reagan as impudently goes on to add, "Last September, I outlined principles to carry on the peace process begun so promisingly at Camp David. All the people of the Middle East should know that, in the year ahead, we will not flag in our efforts to build on that foundation to bring them the blessings of peace."

It is not quite clear of whom the U.S. president wants to make a fool. He might indeed succeed in duping the American people so irrevocably at the mercy of the Zionist American media, but it would be height of madness for Mr. Reagan to imagine that his words will ever fool the people of Middle East to whom they are addressed. As long as the Zionists in Tel Aviv and their allies in the White House continue to day-dream about imposing their will over the Moslems of the Middle East and regard "peace" as the successful outcome of their intrigues shared by the traitors and tyrants in Middle East, there can be no peace, in any sense whatsoever.

The execution of the ex-traitor Sadat by martyr Khalid Islamboli and his companions proved how the plans of the Zionists and their imperialist allies are viewed by the Moslems of the region. Hosni Mubarak, in his role as an imperialist gigolo, is all the "promise" that has remained out of the Camp David hopes, and the Zionists in Tel Aviv and Washington should know that banking on traitors does not serve as a good foundation for foreign policy.

The U.S. president would not speak with such unashamed impudence if the Moslems of the world had budged in face of all disgrace of the past perpetrated by the imperialists and their clients. If the more-than-one-billion Moslems had raised their voice just enough to declare their existence, neither the Zionists backed by the U.S. and its European allies would have dared to so much as look towards Lebanon; nor the Soviet Union would have ever dared to stretch its hands towards Afghanistan. If the Moslems of the world had shown determination to defend the honour of Moslem countries, the imperialists both Capitalists and Socialists would not even dare to so much as mention the name of a Moslem land with greed. If the Moslems of the world even voice their determination to recover Palestine, it is enough for the Zionists to flee from Palestine in terror in the manner of mice leaving a sinking ship.

Only the Moslems of the world should be blamed when Mr. Reagan swears that he "will not flag" in his determination to meddle in the affairs of a Moslem country or decree the destiny of the Middle East. Only the Moslems should be blamed when the U.S. President so impudently advocates to arbitrate the destiny of Moslems and vows that "we will not flag in our efforts to bring them the blessings of peace" through the imperialist intrigues to enslave them.

What greater insult is necessary to awake the Moslems from their slumber? What deeper wounds shall awaken the Islamic conscience of Moslem nations? Isn't there a limit to callousness to their own fate? Isn't there an end to this death-like sleep? Even the sleeping man makes utterances from the depth of his slumber. Even the deathly calm of graveyards is sometimes broken. But what deathly silence chokes the throats of Moslem governments? Isn't there anybody beside Iran, Libya and Syria to say "Shut Up!" to Reagan?

## IRAN

IRAN, SYRIA, LIBYA TO RESIST 'PLOTS OF ZIONISM, IMPERIALISM'

Tehran JOMHURI-YE ESLAMI in Persian 24 Jan 83 p 3

[Interview with Dr 'Ali Akbar Velayati, minister of foreign affairs, by IRNA correspondent, upon his return to Tehran from a joint meeting in Damascus between Iran, Libya and Syria; date not specified]

[Text] After Dr Velayati's return from Damascus:

The joint meeting held between Iran, Syria and Libya marks a point in the history of the Muslim and Arab nations.

The joint meeting between Iran, Syria and Libya is a preface to preventing compromise on the Palestinian issue and fighting the occupation of Lebanon by the occupying regime of Jerusalem and the conspiracies which are carried out to keep the unstable regime of Saddam in power.

/Dr 'Ali Akbar Velayati, the minister of foreign affairs of our country, who headed a delegation to Damascus to participate in the joint meeting between Iran, Syria and Libya, returned to Tehran/ [in boldface]. Upon his arrival in Tehran, he took part in an exclusive interview with the correspondent of the IRNA at Mehrabad Airport, expressed his satisfaction with the results of this trip and said: In fact, the visit to participate in the meeting of the three countries, Syria, Libya and Iran, is a preface to the new movement of the Muslim countries and an effort to prevent compromise on the Palestinian issue as well as to the occupation of Lebanon by the occupying regime of Jerusalem and the conspiracies which are carried out to keep the unstable regime of Saddam in power.

In continuing this interview, Mr Velayati pointed out that this meeting is, in fact, considered a turning point in the history of the strugglers of the Muslim and Arab nations and said: The

three countries of Syria, Libya and Iran held similar views concerning the issues of Lebanon, Palestine and the imposed war of Iraq on Iran as well as renewing the activities of the resistance front with the participation of the Islamic Republic of Iran, among them, that the army of the occupying regime of Jerusalem must leave Lebanon unconditionally. The minister of foreign affairs added: The three countries believe that the necessary efforts must be made to prevent compromise on the Palestinian issue and that any kind of compromising conspiracy to materialize the Camp David conspiracy must be neutralized.

He also pointed out that Syria and Libya support the efforts of the Islamic Republic of Iran to defend its legitimate rights against the Zionist regime of Saddam and to continue the struggle until Iran's conditions have been met.

At the end of the talks between the foreign ministers of Iran and Syria and the secretary of the committee of the Justice Department and the peoples acting director of the foreign relations office of Libya yesterday afternoon, a joint communique was issued simultaneously in Tehran, Damascus and Tripoli.

According to a report by the IRNA, this communique strongly condemns any sort of aid to the regime of Iraq and demands that it be stopped. The joint communique of Iran, Syria and Libya condemns the policies of U.S. imperialism of using force, threats and economic and military pressures against the Muslim and Arab nations as well as the policies to create U.S. military bases in the world.

Both sides [as published] also reject the conditions which the Zionist regime intends to impose on Lebanon and demands decisive resistance to resolving the issue of the Palestinian goals through the enforcement of the Camp David accords and the entrapment of the other forces of the region to enter it. The text of the joint communique of the Islamic Republic of Iran, the Syrian Arab Republic and the Socialist People's Libyan Arab Jamahiriya is as follows:

In the name of God the compassionate and the merciful. You are all one nation and the servants of God.

The ministers of foreign affairs of the Islamic Republic of Iran and the Syrian Arab Republic and the secretary of the Justice Department committee and people's acting director of the office of foreign affairs of the Socialist People's Libyan Arab Jamahiriya in a meeting in Damascus from 20-21 January 1983 studied the international situation and the chaotic situation in

the region resulting from the efforts of U.S. imperialism and Zionism to impose their domination over the nations of the region and destroy their national independence. The Iranian, Syrian and Libyan sides discussed the following issues:

The aggression of the Zionist regime against Lebanon, carried out to destroy the independence and national unity of Lebanon, disunite the Palestinian resistance and strike out at Syria, as well as the aggressive war of the regime of Saddam against the Islamic revolution of Iran, carried out to destroy the Islamic revolution and its liberating role in the region and put an end to the role of Iraq and the Islamic Republic of Iran in confronting the Zionist enemy.

Threats against the Socialist People's Libyan Arab Jamahiriya.

The brotherly relations existing between Iran and the Arab world and the importance of strengthening these relations based on friendship and cooperation as well as securing the interests of the Arab and Iranian nations against the conspiracies of imperialism and the Zionist regime in Palestine and against the U.S. imperialist plans to resolve the question of the Palestinian goals. With regards to the above, they agree on the following:

1. To stand by Lebanon against the Zionist aggression with financial and spiritual support in order to end the Zionist occupation, to invite the Lebanese nation to resistance against the occupation and insist on the rejection of the conditions that the Zionist regime intends to impose on Lebanon.
2. To decisively stand against the efforts to resolve the question of the Palestinian goals through the expansion of the Camp David accords and the entrapment of the other forces in the region to enter it.

In this connection, the three sides stress their opposition to the efforts to return Egypt to the Arab society and Islamic organizations without that country's backing out of the treacherous Camp David agreements.

3. The parties declare their continuing support for the struggle of the Palestinian nation to free the usurped lands, especially holy Jerusalem, to defend the proven national rights to return and establish an independent government over the entire Palestinian motherland and to stand against all the plans whose goal it is to make the PLO recognize the Zionist enemy or negotiate with the enemy for the purpose of weakening the proven rights of the Palestinian nation. They ask all the factions of the Palestinian resistance to strengthen their unity against such plans and to engage in armed struggle to secure the complete rights of the Palestinian nation.

4. The three sides emphatically condemn all the efforts to pressure the PLO to give concessions which are contrary to the legitimate goals of this organization and condemn the imperialist and Zionist efforts to establish the Baghdad-Cairo line to fight the revolutionary forces of the region.

5. The assembly condemns the war started by the regime of Saddam against the Islamic revolution of Iran, as this revolution has supported the goal of Palestine and has risen up to fight imperialism and Zionism.

In this connection, the assembly emphasizes the importance of strengthening the brotherly relations between Iran and the Arab world on the basis of cooperation, friendship, interaction and non-interference in each other's internal affairs and endorses the position of the Islamic Republic of Iran in defending its legitimate rights.

Also, the three sides demand a stop to any sort of aid to the regime of Saddam which would prolong the war and cause suffering and damages on both nations and imphasizes the uprising of the patriotic people's forces of Iraq to be liberated from the regime of Saddam and provide the possibility for using all the resources of the nation of Iraq and Iran at the side of the Arab and Islamic nation in the war against the Zionist enemy.

6. The three sides condemn the policy of the use of force, threats and economic and military pressure imposed by U.S. imperialism on the Muslim and Arab nations as well as the policy to create U.S. military bases, which threatens the Third World nations and international security and peace.

7. The assembly emphasizes the importance of activating the resistance front and the participation of the Islamic Republic of Iran in the activities of this front to fight the conspiracies of imperialism and Zionism.

8. The three sides praise the heroic positions of the Arab people in Palestine and the occupied lands, their resistance against the Zionist occupiers and their suppressive methods for taking over the Palestinian lands and other occupied lands and also emphasize their material and spiritual support for these proud strugglers.

9. The three sides praise the proud role of the Syrian armed forces and the Palestinian and Lebanese forces and their self-sacrifice in defending brother Lebanon and strengthening its resistance against the Zionist occupying forces.

10. The three sides condemn the malicious attacks of international Zionism and its allies in regards to the legitimate

right of Syria to have the means to defend itself, consider these attacks a preface for planned aggression against the Syrian Arab Republic and declare their unity against any sort of aggression against Syria.

11. The assembly emphasizes its unity with the Socialist People's Libyan Arab Jamahiriya against the constant aggressions and provocations of the United States in the air space and coastal waters of the Libyan Republic and condemn the economic pressures of the United States on the Libyan nation which would postpone economic and social growth and prevent that country from supporting the liberation struggles.

12. The assembly studied ways to strengthen the anti-imperialist and anti-Zionist front and the tools for decisive confrontation with plans which would harm the rule and independence of the nations of the region. In this connection, they emphasize the necessity of expediting the establishment of a meeting of the resistance front with the participation of the Islamic Republic of Iran in order to mobilize all the political, military and economic capabilities to confront the aggression of imperialism and Zionism.

13. The three countries declare their agreement to continue this kind of contact for consultation and coordination in order to unify their positions against the forces which oppose the progress and liberation of the nations and countries of the region and agree to hold the next meeting in Tehran.

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PUBLICATION OF U.S. EMBASSY DOCUMENTS ON AFGHANISTAN

Tehran JOMHURI-YE ESLAMI in Persian 6 Jan 83 p 10

/Text/ In the same of God the compassionate and the merciful.

The 29th issue of the expositions of the Muslim students following the line of the imam has been published. The students' recent exposition of documents consists of analyses and documentation on communications sent by the U.S. Embassy in Kabul to the U.S. Embassy in Tehran. In themselves, they show that until the revolutionary occupation of the spy nest, the U.S. Embassy in Tehran was a central headquarters. The present book contains some of the documents from the spy house concerning Afghanistan and soon the rest of these documents will be published in the next book by the same title. The documents in this book are classified chronologically, exactly as the expositions in the "Khat-e Mianeh" books (1, 2 and 3), which explain the course of events and political changes in Afghanistan. In order to better introduce the present book, we will provide you with parts of the introduction by the students following the line of the imam, which include explanations about the documents in the book. God willing, the publication of the documents from the spy nest will continue with speed and precision and the people will be thoroughly informed about the secret conspiracies of U.S. imperialism.

The coming to power of Taraki in Afghanistan and the beginning of the implementation of Marxist model plans in Afghanistan were among the actions planned within a totally Marxist class ideology, without consideration for the culture of the society of Afghanistan and primarily for the annihilation of this culture, or, to quote Mr Geravi, to train the masses for their /the Soviets'/ real interests! They have instigated such reforms imagining that land reform and the abolition of concessions granted to the private sector will solve all the ills of Afghanistan and without consideration for the fact that the ruling group has sold the spirit of independence and freedom of Afghanistan to the Russians or that the Socialist, irreligious plan ridicules their religious beliefs and traditions.

The Marxist movements and tendencies, which, due to the history of the past from the time of Zaher Shah, had confronted the reaction and opposition of the Muslims, became violent since the Khalq Party members achieved absolute power. The motivation behind these oppositions was not the reform of the

regime but the realization that Marxism is essentially contrary to Islam and because the Khalq Party had sold the spirit of freedom and independence of Afghanistan to the Russians. (The documents point out very well that the basis of the people's opposition to the regime of Afghanistan was purely Islamic. This issue is repeated not only by the Americans, but by the Russians and their supporters, including Safronchuk /the Soviet minister plenipotentiary/ and Schoeche, the East German ambassador, who frequently mentioned it. Documents No 59, 44, 40, 28, 27, and 26 are very revealing in this regard.) In any case, the growth of the opposition and armed struggle, domestic differences, the incompetence of the Khalq regime and the methods of killing and suppression brought the Russians to the conclusion that in order to consolidate their rule, they needed to make certain changes. Based on their own futile ideas, models and analyses, they took steps to expand the basis of political and mass support for the regime, all purely in their own interests. Even if Zaher Shah were able to secure these interests, they would have no hesitation in his coming to power. What the Soviets gained at this stage were:

#### A. Modification of the Reforms of the Regime

Thinking that the regime's land and other reforms as well as their incorrect implementation had been at the roots of the rebellion of the people, the Russians tried to modify these reforms. In declaring a successful end to the land reform and the fight against illiteracy or by giving concessions to the private sector, they thought that they could halt the chaos and instability.

Schoeche, the East German ambassador, and Safronchuk, the Soviet minister plenipotentiary (in another section, we will speak about the roles of these two persons in the issue of Afghanistan), announced modification of the reforms in a series of meetings with the U.S. Embassy. Even Schoeche considered the land reform a tragedy (Document 44). The comment of the Americans in this regard is interesting: /"The various reform programs have certainly contributed to the growth of internal animosity towards the regime to a great extent, but the motivation of most of the Afghan farmers who have taken up arms is that they have realized that the members of the Khalq Party are atheistic communists and the puppets of the Soviets"/ /in boldface/ (Document 41). These modifications will not solve any problems for the regime.

#### B. Hiding Behind Islam

When the regime and the Russians realized the location of the main root of the opposition, they tried to hush up the Marxist position of the Khalq Party or tried to make it appear insignificant. Even in providing directives, they took the initial step of claiming that the Muslims only imagine that communism opposes Islam. On this basis, the leadership began extensive propaganda in regards to the issue. Amin and Taraki announced in public speeches that the Democratic Republic of Afghanistan is by no means opposed to Islam. A communique was issued by 100 so-called Islamic scholars supporting the regime and considering the Democratic Republic as, in practice, a supporter of Islam (Documents 65, 28, 27 and 26). For instance, some of the views of Safronchuk, the Soviet minister plenipotentiary, are: /"He only criticized religion (Islam is a very bad religion) as the single most important reason for rebellion. He said that the masses of people imagine that communism is against Islam" /in boldface/.

### C. Expression of Friendship with the Imperialist Countries

The Khalq regime, in order to express its non-aligned policy, on the one hand, and, on the other, to show that it has relations not only with the Russians but with anyone who wants friendship, tried to maintain a more or less continuous diplomatic contact with the U.S. Embassy and the embassies of U.S. satellites. Of course, this contact involves not only the above-mentioned cases, it also shows the views and tendencies of Taraki or Amin, more likely Amin. Whether this tendency stems from his lack of confidence in the Russians or stems from his real inclinations towards the United States, the major issue in these contacts, and the Russians also concur, was the reduction of anti-regime propaganda based on the absolute dependence of the Khalq Party on the Soviet Union...

Documents No 7, 95, 96, 98 and 99 are segments of the efforts of Taraki, and more so Amin, to show his relationship with the United States as normal. Of course, the actions of Amin after coming to power in regards to contacts with the Americans mostly stemmed from his distrust of the Russians, although he also followed the above-mentioned objective.

### D. Informing the United States and U.S. Satellites Concerning Future Events

To protect their interests, after Taraki came to power and after the problems his regime encountered, the Russians first found it in their own interests to help the Khalq Party confront the problems and overcome them. For this reason, in order to find a political solution to the problems of the Khalq Party, they sent one of their most experienced diplomats, Safronchuk, to Afghanistan. The Soviet Union did not ignore its aggression and military interference from the very beginning. But, for several reasons, including avoiding falling into a trap such as Vietnam, it wanted to find a political solution for Afghanistan and the Khalq regime. Safronchuk was commissioned to accomplish this task. He, along with Schoeche, the East German ambassador, in an effort to evaluate and understand the probable reactions of the United States and/or its satellites in regards to the general policies, determined to maintain constant contact with the U.S. officials and ambassadors and the ambassadors of U.S. allies and, whether directly or indirectly, they kept them informed on events. Of course, with this move, they also pursued another objective, that is, would pretend that they had unsuccessfully tried all other avenues to rescue the Democratic Republic of Afghanistan or, as they say, to save the revolution of 27 April, and that they had been forced into military interference. The Americans were also aware of this point.

### E. Change of Cabinet and the Establishment of the National Front or the Change in the Makeup of the Leadership of the Democratic Republic of Afghanistan

The efforts of the Soviet Union to change the makeup of the leadership of the Democratic Republic of Afghanistan can be summarized as follows: Change of the Cabinet to bring in government individuals who had been less involved in the Khalq government and towards whom the people of Afghanistan were less sensitive, and, ultimately, to establish a national front, as the Russians

say, of the kind which exists in all countries. The makeup of this front is not very important to the Russians. It might include Zaher Shah and E'temadi, the former prime minister of Zaher Shah. (There have been rumors concerning contacts with E'temadi!) This could only happen if the interests of the Russians were to be served. Of course, in the changes, priority would be given to the Parcham Party, the Khalq themselves or the military. This change at any price would be acceptable to the Russians; even the killing of Taraki and Amin was part of the plan. Note parts of the change in the makeup of the leadership. /"He Safronchuk said confidentially: The truth is that we have persuaded the leadership of the Democratic Republic of Afghanistan to expand its base by bringing new individuals into the government... He continued: The creation of a national front, as in other countries which have done so, is reasonable for them." (Document 26)/ /in boldface/

"The Russians can make some changes in the Marxists of Afghanistan and in this way, try to keep up a sympathetic appearance... They might think about bringing to power another person from Taraki's party or even bringing to power the Parcham Party, which had earlier been put aside by the Khalq Party."

Document 59)

Of course, the main issue is never ignored: /" Schoeche said that no rooted change can take place here without the support of the Soviet Union and that Soviet interests must be taken into account by any government in Afghanistan."/ (Document 43) /in boldface/

After the coup d'etat of Taraki, the Soviet military aggression against Afghanistan was considered one of the potential threats to the interests of the United States (the most unpleasant change as far as U.S. interests were concerned was for the Soviet combat troops to enter Afghanistan. Document 10). But, the Soviet aggression did take place and just as it was thought. And the United States is unable to carry out an effective maneuver to challenge the above-mentioned existing conditions. Nevertheless, it did not result in the United States losing its upper hand. To justify its own criminal actions, it used the excuse of this action by the Soviet Union to indulge in operations both in Afghanistan and on an international scale, which can be summarized as follows:

#### A. Justifying Its Criminal Actions by Resorting to the Excuse of the Soviet Military Aggression

Considering the conflicts and competition between the United States and the Soviet Union over colonializing and plundering the resources of weak countries, the Soviet military aggression in Afghanistan served the United States as an excuse to justify such actions as the military expeditions and aggression in the Persian Gulf, sending a great deal of aid to El Salvador and condemning the anti-imperialist movements of the nations against the puppet regimes by labeling them as dependent on the Soviet Union. Although this action of labeling by the Soviet Union also existed before the military aggression against Afghanistan, this action caused it to escalate.

## B. Efforts to Misdirect the Islamic Movement of Afghanistan

The superpowers propagandize that any anti-American movement is a pro-Soviet movement and that every anti-Soviet movement is a pro-American movement. The Americans are trying to show the movement of the Muslim nation of Afghanistan and its all-out struggle against the Red Army as a pro-American struggle and movement. The consequence of such a view is that first of all, countries dependent on the West are presented as anti-Soviet supporters of the Afghan nation, which, in itself, will escalate the suppression of the Muslim people of Afghanistan by the Russians. Secondly, it will stop the support of independent liberation movements for this nation. This will also result in making the Afghan freedom fighters believe that the United States and its allies want their freedom and independence. Even the U.S. aid in certain cases through the channels of dependent countries, such as Saudi Arabia, Egypt and Pakistan, would make them believe that these countries are truly Muslim and want Muslim rule over Afghanistan. It can be seen that this belief has been created in some of the groups to a certain extent, which is one of the most dangerous and delicate methods for the United States to influence the movement of the nation of Afghanistan. Hence, not only are the Americans solidifying their position in Afghanistan, but the above-mentioned idea can expand and prevent the growth of any other non-dependent movement.

The propagation of this kind of thinking prepares the minds of the Afghan freedom fighters to view the actual influence of the U.S. elements in the struggling groups as normal and natural.

## C. Having Individuals and Even Groups Dependent on the West Infiltrate the Islamic Movement of Afghanistan

The growth of the movement and the revolution of the nation of Afghanistan and the resistance against the aggressive Soviet army have increased the hope for the victory of this nation in the minds of the people of the world. Since the minds of the freedom fighters and strugglers have been misguided because they have not realized the depth of the criminality of the United States as a result of their lack of contact and dealings with the United States and the merely anti-Soviet and anti-communist aspects of the struggle, the ground has been prepared for the infiltration of U.S. elements. This problem has gone so far that the presence of such elements or even the existence of groups dependent on the West is seen as normal and natural. Here, we are not just speaking about the filthy nature of Western imperialism. Recognizing the hideous face of U.S. imperialism and fighting against it require an Islamic movement, the same as fighting and recognizing the hideous face of Soviet Communism. This must be pointed out to the Muslim nation of Afghanistan in order to prevent them from falling into the trap of U.S. imperialism which is trying to take advantage of the anti-Soviet and anti-communist sentiments of this struggle to steer it towards the West.

10,000

CSO: 4640/83

PAPER CLAIMS EGYPT 'BOLSTERS ARAB REACTIONARY FRONT'

Tehran TEHRAN TIMES in English 31 Jan 83 p 2

[Text]

TEHRAN (IRNA) - The Persian daily Kayhan said in an article Saturday that Iraq's continued setbacks in the battlefronts with Iran has prompted reactionary Arab governments to reverse old outlooks and to speed up efforts for returning Cairo to the Arab fold. Excerpts:

"When in 1977 and with his official visit to the occupied lands Anwar Sadat opened a new chapter in the relations of Arab governments with the Zionist regime, the Baghdad government was among other Arab governments which condemned this visit and which defied the idea.

"The statesmen in Iraq went even so far as to criticize the steadfastness and confrontation fronts allegedly for not being sufficiently progressive... But in the wake of the culmination of the Islamic Revolution in Iran, the reactionary governments of the region thought it wise this time to bind together and discard their old differences... In the meantime they have donated as

much as \$40 billion of the wealth of the oppressed masses of a few littoral Arab states of the Persian Gulf to Baghdad in order to uphold a war, which if expanded, is likely to jeopardize them as much. They have also acted as intermediaries between Baghdad and some western countries in order to rush arms to Baghdad...

"Immediately after the liberation of the Persian Gulf Port City of Khorramshahr, and the setback suffered by Saddam's troops, and the return of Sinai to Egypt, Saddam Hussein said that the gates of Baghdad are open to Hosni Mubarak and Egypt, and thereby unravelled the expansion of his military relations with Mubarak's government...

"And now in reality it is not Cairo which insists upon being admitted to the Arab fold, but rather it is the front of the reactionary Arab governments which insists upon normalizing their relations with Cairo."

CSO: 4600/299

CHINESE OFFICIAL HAILS IRAN'S 'ANTI-IMPERIALIST STRUGGLES'

Tehran TEHRAN TIMES in English 31 Jan 83 p 2

[Text]

**TEHRAN (IRIA)** Chinese Foreign Ministry Advisor He Ying Saturday conferred with Iran's Foreign Minister Ali Akbar Velayati. In the meeting He Ying voiced his country's resentment for the aggression of the Soviet Union and those of the U.S. in Lebanon vis-a-vis the Palestinians. He said that China believed Third World countries are the only powers capable of standing up to the superpowers' influence.

Speaking on the Iraqi imposed war on Iran, He Ying said China knew who started the war and called for a just solution to the war based on the two sides' interests.

He then expressed admiration for the anti-imperialist struggles of the Iranian nation on the occasion of the anniversary of the Islamic Revolution

in February.

Then Foreign Minister Velayati speaking on the Iraqi imposed war on Iran said determination of the aggressor is not difficult for one had only to see who had invaded the other's territory. He said the Iraqi regime was literally defeated by Iran. A nation which had tolerated many hardships and shortcomings but was imbued with faith in God.

Velayati then said Iran's foreign policy was based on neither accepting oppression nor oppressing others, an Islamic tenet.

He said Iran and China had suitable potential for the expansion of bilateral relations.

In conclusion the invitation extended to Velayati to visit the People's Republic of China was accepted by him.

IRANIANS SAID TO BE 'MOVING TOWARDS COMPREHENSIVE JUSTICE'

Tehran TEHRAN TIMES in English 29 Jan 83 p 1

[Text]

TEHRAN -- The religio-political ceremonies of Friday prayers were held here and as usual attended by hundreds of thousands of committed Moslems women and men. Ayatollah Yusef Sanei, who spoke before the prayers, discussed various issues connected with the Islamic law. In his address he said:

"One of the accepted principles for creation of healthy social life is the necessity of social justice. This includes justice in legislation as well as in execution. Together they form the foundation of social justice. As to justice in legislation, it may be said that just and fair laws form the guarantee for the social rights of individuals which in execution should be followed without deviation by the judiciary. Today, the Iranian nation is moving ahead to achieve both of these aspects of justice so that complete justice in its comprehensive sense may be realized in the society."

Speaking about the guarantee of justice prior to legislation, he said: since all the laws and regulations within the Islamic Republic would be based on Divine laws, discussed in its details and

passed by the Islamic Majlis and approved by the Guardians Council which evaluated the bills passed by the Majlis to study their conformity with the Laws of Islam and the Constitution, and since the Constitution too was based on the institution of Wilayat-e-Faqih, the primary guarantee of justice in legislation was assured in the Islamic Republic.

Ayatollah Sanei went on to explain that the earlier laws -- those existing during the days of the Shah's regime -- were Taghooti or opposed to Islam and were unacceptable in an Islamic Republic. He said that a part of penal law dealing with punishment, retribution and retaliation (Hudood: Qisas, Diyat etc.) had already been passed by the Majlis and ready for implementation bringing about a significant departure from the previous laws. For example, in the former penal code if a number of persons killed a man, the amount of punishment handed out to the culprits was reduced and none of them received capital punishment. However, under the Islamic law if several persons are found guilty of collaborating in the murder of a single

man, all of them should receive capital punishment so that security of life is guaranteed for the people.

The same applied in case of acts against public decency, he said: adding that implementation of the Islamic penal code will revolutionize the prior law about retribution for physical injury substituting in their place the standards laid down by Islamic jurisprudence.

Ayatollah Sanei warned those who might try to misuse Imam's directives of December 15 for violating public decency by dealing in prohibited tapes and resorting to unIslamic dress in public. He said that the culprits would be punished for their offenses for the Islamic laws are as valid today as they were in the past.

He asked the Headquarters instituted to pursue Imam's directives to bring to justice those who submit baseless and untrue complaints against officials and urged the prosecution of such offenders.

Ayatollah Musavi Ardebili who led the Friday Prayers this week, spoke about the necessity of Taqwa (Godfearing and piety) and said the word "Taqwa" had come in 242 places in the Holy Qoran which signified its importance.

He pointed out to the institution of Wilayat-e-Faqih, which is based on Islamic law and the teachings of the Qoran, and said that with the blessings of God an altogether unimagined prize fell to the share of the Iranian nation.

Ayatollah Musavi Ardebili, referring to high pricing of goods sold by government cooperatives or manufactured by concerns under government control said that government agencies had no right to take part in profiteering under the pretext that low pricing shall lead to black-marketing. Ayatollah Ardebili urged the government agencies to adopt a right policy regarding distribution of goods manufactured inside the country and counteracting black-marketing.

PLO ENVOY DEFENDS ARAFAT'S CONTACT WITH 'JEWISH ELEMENTS'

Tehran TEHRAN TIMES in English 26 Jan 83 p 1

[Text]

TEHRAN - "We hope that the Palestinian people still enjoy the extensive support of the Islamic Iran," announced the Palestinian ambassador to the Islamic Republic here yesterday, IRNA reported.

Ambassador Salah Zawavi who was talking to a group of Iranian and foreign reporters later appreciated the support of the goals and ideals of his people by the Islamic Republic of Iran.

In another part speaking about the negotiations of PLO head, Yasser Arafat with Jewish elements, Zawavi said that the National Council of Palestine had formerly approved such meetings between its members and progressive forces among Jewish people "who accept the rights of Palestinians".

Regarding the quality of a Jewish group which recently met and talked with Arafat, he said that the National Council was studying to determine the qualification of the group and that the Council's view would soon be announced.

On the issue of Palestine-Jordan relations, the Palestinian Ambassador stressed though the Palestinians were now cooperating with Jordanian regime and people "we will never forget about our historical memories with that country."

Referring to the recent tour of Bushdud by Arafat, Za-

wavi stated that the PLO head had paid a visit to Palestinian forces in Iran in the same way that he had called on Palestinians in other Arabic countries.

Asked about the Palestinians' relation with Hosni Mubarak of Egypt and how one could ever expect this U.S. agent to defend Palestinian rights, he remarked, "We have many experiences in regard to the usage of words such as agent, traitor, etc. But the Iranian papers which accuse Arafat as being an agent of this or that power, have not made any research on the life of Arafat."

Speaking about the Fez Conference and its results, he reiterated that the seventh article of the Fez Plan referred to an implied recognition of the Zionist state.

On Iraqi imposed war against Iran, Zawavi said that it was an American war and the Zionists played a big role in it. "We know", he said, "that Imam Khomeini, has awakened the Iranian nation in regard to Zionists and Israel and we know that Iranian people are taking efforts to bring Qods under Islam's domination. We are also aware that there are volunteers to fight Zionists in Lebanon even in Iranian Islamic Assembly. We are informed that in the city of Qom alone, 30,000 people enrolled to participate in the battle against Israel".

PROBLEMS, ACTIVITIES OF FOUNDATION FOR OPPRESSED

Tehran ETTELA'AT in Persian 20 Jan 83 p 3

[Text] The director of the Foundation for the Oppressed explained goals, problems, activities and future plans of the Foundation.

The only way to cover 16 billion rials debt of the Foundation's industries and other debts is to increase production of the Foundation's factories and these debts to be paid in installments.

Even today's banking system cannot be without effect on the Foundation's debts to banks. In a press conference yesterday, the new director of the Foundation for the Oppressed explained the Foundation's future plans and announced, "In order to investigate over 2,000 pending confiscation subpoenas kept at the Foundation, a special court chaired by Hojjat ol-Eslam Salehi, a Som scholar, representing the headquarters to follow up the Imam's eight point decree will begin its work today at the Foundation." Mr Seyyed Mehdi Tabataba'i, director of the Foundation for the Oppressed, pointing out the short history of the formation of the Foundation said, "The Foundation is charged with maintenance, operation, production, and settlement of various disputes concerning possessions of the supporters of Satan, a task which was unimaginable to some officials due to its volume and variety. He added, "With the help of God and the cooperation of officials and our colleagues at the Foundation, fearless of numerous difficulties facing the Foundation, we are determined to solve big problems of the Foundation to protect the oppressed."

Mr Tabataba'i, suggesting that the Foundation for the Oppressed is the largest economic structure in the country, said, "Unfortunately up to this day, numerous problems at the Foundation have prevented the Foundation from offering decent and appropriate services to the oppressed. From now on, however, the Foundation for the Oppressed should be responsible for a greater role with regard to their problems."

Hozhabr Yazdani's debt totals 4.5 billion tomans with regard to huge liabilities of possessions of the fugitive supporters of Satan left behind, he said, "Fugitive capitalist Hozhabr Yazdani has left five items behind against 4.5 billion tomans worth of obligations to banks and the Foundation is now responsible for payments."

Mr Tobataba'i added, "We believe that the only way to repay 16 billion rials debts of the Foundation's industries and its other obligations is to increase the factories production and repay the debts in installments."

He blamed the old banking system for these obligations and said, "Even today's banking system cannot be without effect on the Foundation's debts to banks. In this interview, the Director of the Foundation announced, "To administer the affairs of the Foundation, certain steps would have to be taken such as the establishment of ownership, exertion of jurisdiction, settlement of accounts and planning." He added, "The Foundation's possessions should gradually be used for the benefit of the oppressed."

#### Centralization of the Foundation's Possessions and Appropriate Planning.

Seyyed Mehdi Tabataba'i said, "From now on in order to exert the Foundation's jurisdiction over inherited possessions, division of such possessions would be strongly prevented and they will be used after being consolidated using proper planning." He said, "From this point on, the Foundation will not give away its possessions to anyone free and without plans."

The Foundation's director said, "A newly appointed committee would actively investigate and settle the Foundation's obligations to banks." He added, "The bank should realize that obligations of each unit would be investigated through that unit and the Foundation would not repay the debts from other units." With regard to the importance of planning for the Foundation's activities, the director of the Foundation for the Oppressed said, "Since the Foundation's expenses are met by production and the government has not allocated a budget, the Foundation is of special exception compared to other government organizations and planning in its activities."

He added, "As for planning which has been our most successful effort, we have achieved many successes whose results will be seen in future years."

#### Three Basic Areas of Activities of the Foundation for the Oppressed And One Cultural Aspect.

The director of the Foundation said, "From this point on, the Foundation would continue its activities as a strong economic arm of theocratic rule." He added, "These activities are concentrated on three basic areas: agriculture, industries, reconstruction and cultural aspects, which are especially important. This would upgrade the standard of living of the oppressed of the society by an increase in production."

He added, "Among essential activities of the Foundation in the past 3 months were running the activities of the divisions of the Foundation throughout the country and investigation of the units' financial standings and their management, coordination between regional officials and the Foundation officials of other cities."

The director of the Foundation for the Oppressed announced, "In the 5-year plans of the country the Foundation would work alongside the government with only one

difference and that is a priority given to the affairs of the oppressed." He added, "Investigation of the oppressed housing problems would be placed at the top of the list of the Foundation's future activities and its activities should start very soon."

Seyyed Mehdi Tabataba'i said, "The Foundation for the Oppressed would eliminate these activities which would not serve the four basic areas planned for the future of the Foundation."

For Every Palace, Hundreds of Homes and Workshops for the Oppressed.

He added, "In the future, for every palace and a few satanic houses, the Foundation for the oppressed will build hundreds of homes and several workshops for the oppressed in the deprived parts of our country."

The director of the Foundation said, "Opening of an Aid and Service Unit at the Foundation should be considered a fundamental change and a beginning of a new movement. This unit which is responsible to search for and the elimination of the roots of oppression in the society, will act decisively in the future. We hope with the budget that will be allocated, this unit would take effective steps in this area."

The Foundation's Antiques and Precious Objects Will Be Preserved.

Answering a question of a reporter who asked about the Foundation's antiques, he said, "In the present condition, there is no need to sell the antiques and precious items such as expensive paintings, gold, jewelry and costly carpets which were confiscated from fugitive Satans. As a wealth of the oppressed, we have preserved them and with God's will, will." He said that what have been sold so far were movable properties and were generally household items totalling around five billion rials.

He added, "There was an expensive statue that belonged to the Foundation and it has not been sold and is now kept in the Bank Markazi Iran vault."

Construction of Homes For the Oppressed With Traditional Architecture.

Mehdi Tabataba'i, the director of the Foundation for the Oppressed, concluded his over 2-hour interview by saying, "Planning has begun for a comprehensive program to solve the housing problems of the oppressed. If we can build small, expandable and independent homes with the traditional style of architecture and distribute them based on installment payments, then we would have reduced the housing problems." He said that construction materials would come from the Foundation's own workshops to be set up in every area.

CSO: 4640/112

## EXPORT FIGURES FOR APRIL-AUGUST 1982 RELEASED

Tehran IRAN PRESS DIGEST in English 18 Jan 83 pp 9-11

[Text] The Iran Export Promotion Center (IEPC) has released statistics on Iran's exports during the first five months of the Iranian year 1361 (April-Aug. 1982). This report is accompanied by statistical tables showing the share of various groups of export commodities as compared to the position in the corresponding period of 1360. The report says that during April-Aug. 82 period, the IEPC exported 96,534 tons of goods worth 9,727 million rials which when compared with the exports of the corresponding period in 1981 (which were 106,394 tons and 15,556 rials in value) shows a decline of 9% in weight and 37% in value.

Table 1: Comparison of Exports (weight in tons--value in million rials)

	<u>April-Aug. 82</u>		<u>April-Aug. 81</u>		<u>Percentage of Variation</u>	
	<u>Weight</u>	<u>Value</u>	<u>Weight</u>	<u>Value</u>	<u>Weight</u>	<u>Value</u>
Industrial Goods	350	346	8,471	386	-96	-10
Farm Products	26,917	5,781	25,702	5,794	16	--
Mineral Products & Construction Materials	60,684	659	55,552	1,007	9	-35
Carpets & Handicrafts	379	2,319	1,245	7,524	-70	-69
Other Goods	607	159	10,358	104	-94	53
5% of Customs	4,597	463	5,066	741	- 9	-37
TOTAL	16,534	9,727	106,394	15,556	- 9	-37

The largest amount of exports in April-Aug 82 period is shown by farm products and carpets. Mineral goods and industrial products are ranked third and fourth in export order. The share of mineral products in overall exports has remained unchanged whereas due to a decline in carpet exports, farm products have risen from 39% in the 5 month period in 1981 to 62% in 1982.

The following table shows shares of all commodity groups in overall exports:

Table 2: Share of Various Goods Groups in Exports Unit = % of Value

<u>Name of Group</u>	<u>April-Aug. 1982</u>	<u>April-Aug. 1981</u>
Industrial	4	2.5
Agriculture	62	39
Carpets and Handicrafts	25	50.2
Minerals	7	7
Other Goods	2	1
TOTAL	100	100

Agricultural Products: Farm products exported during the 5-month period of 1982 were 29,917 tons and valued at 5,781 million rials, showing an increase of about 16% in weight over than of the same period in 1981 but there has been no appreciable change in terms of values. Due to lower international price of raisins and on account in the weight of raisins exports, the foreign exchange has been lower. The aggregate of the export price of raisins, currants, and green raisins and in the 5-month period of 1982, it stood at 47,221 rials a ton. Exports of dates, pistachio, dried apricots, fresh fruits and vegetables have increased but the raisins and almonds export value has fallen. The fresh and dried fruit exports were 20,622 tons and valued at 2,426 million rials, and this shows 44% rise in weight and 27% hike in value.

Table 3: Farm Products Exports Comparison Weight in Ton Value in Million Rials

<u>Goods</u>	<u>April-Aug. 82</u>		<u>April-Aug. 81</u>		<u>Percentage of Variation</u>	
	<u>Weight</u>	<u>Value</u>	<u>Weight</u>	<u>Value</u>	<u>Weight</u>	<u>Value</u>
Cotton	---	--	---	--	---	--
Fresh & Dried Fruit	20,622	9,466	14,313	1,916	44	27
Medicinal Plant Roots	670	108	719	181	-7	-40
Cumin Seeds	1,167	168	75	10	--	--
Gums	294	228	271	237	8	-4
Waste, oil cake	---	--	---	--	---	--
Caviar, Fish, Shrimp	211	300	533	642	-60	-53
Intestines	285	651	259	581	10	12
Skins	5,467	1,665	6,784	1,856	-19	-10
Wool, Hair & Fluff	182	127	405	163	-55	-22
Other Farm Production	1,019	108	2,343	208	-54	-48
TOTAL	29,917	5,781	25,702	5,794	16	--

Among farm products, exports of wool, skins, medicinal and industrial plants, plant gums have declined while those of cumin seeds have gone up from 75 tons in the five-month period of 1981 to 1,167 tons in the same period of 1982. Caviar exports during the said period stood at 22 tons and were worth 203 million rials while the comparative exports of this commodity in the corresponding period of 1981 were 47 tons and worth 549 million rials. During April-June 1982, 80 tons of Shrimps were exported fetching 69 million rials.

However, exports of this commodity in 1981 stood at 486 tons while fish exports during 1982 have considerably declined to 109 tons as compared to 486 tons in 1981. In general, marine products exports in 1982 have shown a decline of 60% in weight and 53% in value as compared to those of the said period in 1981.

Industrial Goods:: During the April-Aug 1982 period, only 396 million rials worth of garments and 17 million rials worth of household goods (gas cooker, aluminium and copper utensils) were exported, and this shows a 10% decline as compared to the exports in the corresponding months of 1981 which stood at 386 million rials.

Table 4: Export of Industrial Goods

Commodity	Weight in Tons Value in Million Rials					
	April-Aug. 82		April-Aug. 81		Percentage of Variation	
	Weight	Value	Weight	Value	Weight	Value
Tricot & Readymade						
Garment	88	218	189	243	-53	-10
Cotton Cloth & Arti-						
ficial Fibres	57	64	27	19	111	237
Shoes	116	47	115	35	1	24
Oil Shortening						
Biscuits, Chocolates, Etc.						
Automobiles						
Chemicals (Sulphur)			8,000	68	---	--
Detergents, Soap						
Automobile Tyres						
Household Goods	89	17	56	14	59	21
TOTAL	350	346	8,471	386	-96	-10

There has been a total suspension in the export of biscuits and similar goods, canned food, automobiles, chemicals and medicine. The sharp decline in the weight of industrial exports (96%) is due to the non-export of sulphur which stood at 8,000 tons in 1981. Among the exported items, cotton cloth, artificial fibers and shoes show an increase while tricot and readymade garments have shown a decline.

Carpets and Handicrafts: Based on the statistics released by the Iranian customs Department, the share of handwoven woolen carpets in Iran's overall exports during April-Aug. 81 period was 50.5% but it declined to 25% in 1982 as only 379 tons of carpets worth 2,319 billion rials were exported in 1982 as compared to 1,245 tons worth 7,524 million rials in the said period of 1981.

Mineral Products and Construction Materials: The export of these commodities during April-Aug. 82 period was 60,684 tons worth 659 million rials as compared

to 55,552 tons valued at 1,007 million rials in the corresponding period of 1981. This shows an increase of 9% in weight but a decline of 35% in value. This decline (in value) has been 53% in terms of red soil and 60% in case of construction materials. Exports of organic metal ores in April-Aug. 82 period were 48,290 tons valued at 580 million rials out of which Zinc ore constituted 25,790 tons worth 477 million rials other organic metal ores were 22,500 tons worth 103,5 million rials (however, the last mentioned figure doesn't appear to be correct.).

CSO: 4600/248

# AGRICULTURE, DEVELOPMENT GIVEN PRIORITY IN \$40 BILLION BUDGET

Tehran TEHRAN TIMES in English 26, 27 Jan 83 p 1

[Text]

TEHRAN (IRNA) -- Next year's budget 1362 (March 22, '83) was presented to the Majlis here yesterday by Prime Minister Musavi.

The budget totals 3,530 billion rials (over 40 billion U.S. dollars).

He also reported to the Majlis on economic situation of the country. Musavi said that energy production in the first quarter of the current Iranian year (1361) (started last March 21 '82) registered an increase of 23.5 percent compared to the corresponding period of the previous year.

Wholesale and retail price increases during the first nine months of the current year, stood at 12.8 percent and 16.8 percent, respectively. He further told the Majlis that during the first nine months of the 1361 a budget of 43 billion rials had been allocated for the reconstruction of the war-stricken areas.

Speaking about increase in government revenues, the prime minister said that during the first three quarters of 1361, oil revenues increased by 45 percent, tax incomes by 24 percent and others by 6 percent as compared to the similar period of 1360.

Speaking about composition of the budget for 1362, Musavi said that special priority has been given to agricultural sector. Budgets allocated to agricultural and irrigation projects in 1361 were respectively 51.7 and 56.3 billion rials. However, in 1362's budget they have been increased to 93.5 and 92 billion rials, an increase of 81 and 63.4 percent.

The budget also gives priority to education, higher education, research and professional training. Budget allocated for these fields increased by 65.8 percent compared to what was allocated in 1361's budget.

As for health care and health education, the budget allocated increased by 51 percent and 60 percent respectively compared to the previous year.

Commenting on housing, the prime minister said that as a result of appropriations given to low completion of low cost housing units, the budget allocated is 32 percent greater than that of the previous year.

One of the most outstanding features of the 1362's budget, Musavi added, was the ratio of development appro-

priations to current appropriation. The ratio in 1361 was 42 percent whereas in 1362 it has been increased to 54 percent.

In conclusion the prime minister said that in an Islamic society one of the determining factors, more important than budget, was fulfilling objectives related to Islamic justice, independence from east and west, and freedom. These objectives, he stressed, were indispensable for the Islamic Revolution and the Islamic Republic of Iran.

Musavi said that the government's receipts in the first 9 months of 1361 were considerably greater than the receipts of the corresponding 9 months of 1360. He said that the victories of Islamic combatants, increase in economic activity and establishment of security throughout the country were together responsible for the increase. The income from oil in the first nine months of 1361 rose by 45 percent and tax receipts by 24 percent and the remaining income from other sources by 6 percent over that for a corresponding period of last year.

The prime minister said that the number of licenses

granted to producers during the first 6 months of 1361 was 402 compared to 166 during a corresponding period in the preceding year -- an increase of 166 percent.

During this year, he said, the copper smelting factory of Sarcheshmeh had commenced production with a daily output of 50 tons in Khordad increasing the present output to 93 tons. He said that the Iranian engineers and technicians through unceasing efforts had completed this gigantic complex.

Musavi said that a fall in industrial output during the first three years -- a matter much exploited by political groups -- was finally averted. He said that it was hoped that a higher production figure will put an end to all kinds of rumours aimed at weakening the management. He said that most of these rumours were fabricated by the agents of industrialists allied to the U.S., who in the past tried to revert Iran to U.S. dominance by advocating the priority of speciality over commitment to Islam.

The prime minister said in his report on electric power production that in the year 1360, power production had increased by 13 percent over the previous year and power production in 1361 showed an

increase of 23.5 percent over 1360 figures. He said that the figures clearly pointed out to the successful movement towards self-sufficiency. Similar advances had been made in the Iranian Railways, Ministry of Health, the Organization of Industrial and Scientific Research, University Crusade (Jehad-e-Danishgahi) and other places, he said.

Musavi said that in first six months of 1360 the inflation rate was brought down to 24.7 and in the corresponding period of 1361 inflation rate was lowered to 10.7. He added that there were certain bottlenecks for further reduction of inflation such as the war conditions and the unsolved problems connected with foreign imports and distribution, which he hoped, would be resolved by the year 1362.

Whereas during the year 1360 the government had paid 20 billion rials towards the losses incurred by the nationalized companies, in the year 1361 the Cabinet approved only 6.4 billion rials for the purpose of which only 2.5 billion rials was used. He added that the government had made no allocations for the year 1362 toward the payment of such losses.

In spite of the problems inherited by the Revolution from the past and the blows delivered by the imposed war,

Musavi said, the industry had registered relative growth. He said that government investment in the industrial sector during the first 6 months of 1361 was 39.25 which was 44 per cent over that of the past year.

Musavi said that through the endeavour of the committed masses, the downward trend of the economy had been reversed. Whereas from 1357 to 1359, the average annual fall in GNP had been 13.6 percent, was finally checked during 1360 and the rise in GNP during the present year was 3.6 per cent and was expected to rise to 5.5 per cent by the end of the year.

He said that the growth in added value of the agricultural produce was limited to 0.01 per cent in 1359 rose to 4.4 per cent in 1360 and was expected to rise further during the present year. During the present year the agricultural production in fixed prices of 1353 was increased by 4.5 per cent. He said that the government planned to achieve self-sufficiency in the agricultural sector was aiming at an annual growth of 7 per cent during the first planning period. "The government's plan regarding the agricultural sector is the same as that of our great people," he said, "We want to eat our own bread."

## EXTENSIVE DEVELOPMENT PROJECTS, POLICIES EVALUATED

### Expansion of Road Network

Kathmandu THE RISING NEPAL in English 8 Jan 83 p 2

[Text] A news report that the road network in the Kingdom increased by an impressive 1400 percent, from 376 kilometres in 1950 to 5270 kilometres by the middle of last year, is a matter of satisfaction. Though the increase, measured in terms of 32 years, may not be all that impressive, it has to be remembered that the mountain terrain of the Kingdom presents a most difficult challenge for road builders. The stability of the roads constructed on the mountains by the method of blowing up large chunks of rocks and stones has been questioned. There is one school of thought which says that roads so constructed take as much as one full century to stabilise, and this applies not only to roads, but also to the mountains on which they are built. Obviously, therefore, road engineering in the mountain environment is both time consuming and costly. But it is the habitations in the mountains that needs roads the most. This, of course, is not to minimise the needs and requirements of the plains. Indeed, the road network in the Kingdom has already played a positive role in bringing about a revolution in the mobility of men and materials from one part of the Kingdom to another.

The emphasis now is on consolidation of the East West Mahendra Highway and building link roads north and south wherever needed.

Road transport in Nepal is the quickest available means of transportation. Mountain destinations pose special problems as they can be reached either on foot which is a time consuming and therefore expensive business or by air whose high cost cannot always be compensated for by the time saved.

However, the investment in road construction in the hill sector is high. And, as it takes time for people to get used to road utilisation, the returns are slow. Thus, HMG with its limited resources cannot take up but a few priority roads at a time.

The same, however, does not apply to roads undertaken by villages or districts on their own. For such roads are mostly taken up with voluntary labour contribution and completed with the active participation of local residents. This is largely because rural people have by now realised the need for road transport not only for mobility but also for their economic well being as well.

Because of the difficulty in construction due to various reasons, including paucity of materials, it is essential that engineers and officials who work at project sites should be kept fighting fit. One way of ensuring this is by transfers of officials who complete at least three years of service in projects located in the more remote areas to urban areas and vice versa. This should help instill confidence among workers that they will not be doomed to a remote project site for years at a stretch. The same principle can be applied to maintenance workers in remote areas. This will ensure not only that roads will be reasonably high. The past three decades saw a fourteen fold rise in the road mileage; the eighties should hopefully witness an even more impressive growth in both quality and quantity of our important road network.

#### Eastern Development Projects Reviewed

Kathmandu THE RISING NEPAL in English 13 Jan 83 p 2

[Article by S. B. Ranjitkar]

[Text]

The Eastern Development Region was created in 1972 as the result of the concept of regional development planning which was conceived in the beginning of the Fourth Plan (1970-75). The objective of the regional planning is to have balanced socio-economic development in all the regions of the country. Nepal has various geographical regions due to different altitudes from north to south and regional imbalances prevail due to variability of resources and potential development of different areas SIDDHI B. RANJITKAR takes us on a tour of development projects in the Eastern Development Region.

The country was divided into the four development regions in 1972, further division was done in 1981 to add one more development region in the far western part of the country. As such the country is divided into the five development regions.

At the end of the Fifth Plan (1975-80), the Eastern Development Region shares

5.7% of the total electro-energy, 21.3% of roads, 32.4% of airports, 23.7% of schools, 24.7% of hospitals. During the Sixth Plan period, 17.6% of the total resources is allocated to this region for development projects.

#### Integrated Rural Development Project (IRDP)

There are two IRDP in this region - one is Sagarm-

tha IRDP comprising Saptari, Siraha, and Udayapur districts, another is Koshi Hill Area Rural Development Project comprising Dhankuta, Terathum, Bhojpur and Sankhuwasava districts.

1. The Sagarmatha IRDP was supposed to be started in 1978-79 but the actual works were started only in 1980-81. The total estimated input is Rs. 450.12 million, a major portion of this amount will be provided by IFAD, and ADB, Manila, the remaining portion is the grants of EEC and HMG. The main objective of this IRDP is to strengthen the production, employment and income generating base in the rural economy of these three districts.

2. The Koshi Hill Area IRDP was initiated in 1979-80. The total input envisaged is Rs. 113.07 million which will be borne by the U.K. Government. The main objective of this IRDP is to strengthen local services and to help HMG/N promote balanced economic and social development of

the Koshi Hill Area in order to gain maximum benefits from Dharan-Dhankuta road.

### **Irrigation Projects**

1. **Kankai Irrigation Project:** This project was first implemented in 1972 with an objective to irrigate 5,000 ha. and to complete by 1977 according to the original estimate but later it was realised that certain changes have to be made and the irrigated land has to be increased to 9,000 ha. consequently the completion date have to be shifted to 1982-83.

2. **Sunsari-Mornag IrrProject:** The objective of this project is to cover the remaining land which is not irrigated by the Chatra Irrigation Project. The total land, which will be irrigated after completion of the project is 35,000 ha.

3. **Koshi Western Canal, Pump Canal, and Chandra Canal:** There are four main sub-projects under this project: i) renovation and maintenance of Chandra Canal ii) expansion of Chandra Canal iii) distribution system of Koshi Western Canal iv) Koshi Western Pump Canal. After completion of this project, more than 34,000 ha. will be irrigated.

4. **Kamala Irrigation Project:** This project covers Siraha and Dhanusa districts of the Eastern and Central Development Regions. The Kamala river demarcates the Eastern Development Region and the Central Development Region.

This project was suspended in 1962 and restarted in 1973. The objective of the project is to irrigate 25,000 ha. At the end of the Fifth Plan it has already irrigated 16,500 ha. During the Sixth Plan period, a diversion canal will be completed and the remaining land 8,500 ha. will be irrigated. The total allocated resources is Rs. 20.8 million for the Sixth Plan period.

### **Roads**

There are three major roads projects i) Mahendra Highway (Kanyam)-Ilam - 77 km ii) Ilam-Phidim-Taplejung - 138 km iii) Dharan-Dhankuta-50km. The total resources allocated for the three projects is Rs. 256.6 million during the Sixth Plan period. Besides, there are integrated rural development road projects and panchayat road projects.

### **Industries**

1. **Udayapur Cement Factory:** The proposed capacity of this cement factory is 1500 tonnes cement and 1500 tonnes clinker per day. It would be one of the biggest cement factory in the country. This factory will be located in the Udayapur district of the Eastern Development Region. For the Sixth Plan period, Rs. 8.18 million is allocated to conduct preliminary works to the establishment of this industry. The estimated investment for this industry is Rs. 1200 million.

2. **Dharan Industrial Estate** was established in 1972 to promote small and

cottage industries in private sector. Various industries are housed in the 16 industrial buildings. Additional nine industrial buildings, land improvement, provision of additional water and energy are envisaged during the Sixth Plan period at the expense of Rs. 7.1 million.

3. **Dhankuta industrial Estate:** With an objective to promote small and cottage industries in the hilly region of the Eastern Development Region, a feasibility study for establishing industrial estate will be carried out and infrastructures for industries will be created during the Sixth Plan period at the estimated cost of Rs. 3.8 million.

### **Electricity**

1. **Kankai - hydro - electric Project:** The electricity production capacity of this project will be 38 MW. This project is scheduled to start in the beginning of the Sixth Plan and is expected to be completed by 1986. The estimated input is Rs. 390 million.

2. **Micro hydel Project:** Six micro-hydel projects are under construction in the hilly areas of the Eastern Development Region. The total electricity production capacity of all these six projects is 1.32 MW.

3. **Biratnagar Diesel Power Plant:** A diesel power plant of 5MW will be established in Biratnagar, an industrial town, to substantiate the power requirement of that area. The estimated cost of the plant is Rs. 30. million.

## Tourism

Khumbhu Area Tourism Development Plan: The feasibility study of the Khumbhu area tourism development was carried out by the Industrial Services Centre. During the Sixth Plan period, some preliminary works will be done to further develop the area for tourism. □

## Kankai Irrigation Project Continued

Kathmandu THE RISING NEPAL in English 16 Jan 83 p 3

[Text] Chandragadi, (RSS)

Work is under way on an irrigation system which will provide intensive irrigation facility to eight thousand hectares of land throughout the year in Jhapa district from the Kankai river. The work is being carried out by His Majesty's Government with loan assistance from the Asian Development Bank (ADB).

Irrigation facility is already being provided to five thousand hectares of land under the first phase which has already been completed, according to Kankai Irrigation Project. Currently the second phase which will irrigate an additional thousand hectares of land is being carried out.

Shivagunj, Panchgachi, Mahabhara, Dharampur and Baigundhura village panchayats of Jhapa district will benefit from the project, it is learnt.

The project agreement was finalised in 1971 and work started on it by the Korean Development Corporation in 1975 and the first phase became operational in the last fiscal year.

About one hundred and twenty million rupees was invested in the first phase of the project, it is learnt from the project office.

Apart from the dam, rain canal subsidiary canals, feeder canals, collector drain and trunk road were also built under the first phase of the project.

Following alterations in the initial design specifications the capacity of the main canal was increased from 7 1/4 to 10.15 cu. m./sec.

Work on the second phase of the project was started in the last fiscal year and is expected to be completed within three years.

The total cost for carrying out the second phase of the project will come to about forty million rupees. It will extend the length of the main canal of the first phase of the project (11.5 km.) by sixteen kilometres, the length of the subsidiary canals of the first phase (57 km) by twenty-eight kilometres and the length of the feeder canals under the first phase (71.5 km.) by an additional forty kilometres.

Likewise, the 20 kilometre long gravelled trunk road under the first phase of the project will be extended by an additional four-kilometres under the second phase, it is learnt.

Apart from irrigation facilities the farmers of the area are also being provided with information, technical assistance, improved seeds and fertilisers through the agriculture centre established there under the project, it is learnt.

On completion the irrigation project is expected to boost paddy production by thirteen thousand, one hundred and fifty-two tons, wheat production by five thousand, four hundred and seventy-two tons, and jute production by seven thousand, four hundred and eight tons in the area. The production of other crops will also increase, bringing in about one million six hundred thousand rupees more than hitherto.

The total agriculture production is projected to increase by about sixty-three million and eight hundred thousand rupees.

According to the project, only thirty-two maunds of paddy per bigha was produced in the area in the past but as a result of the irrigation facility the farmers will be able to harvest two paddy crops and increase the total yield to about one hundred maunds per bigha of land.

#### Bureau Conducts Census

Kathmandu THE RISING NEPAL in English 17 Jan 83 p 3

[Text] The Central Bureau of Statistics is to carry out an industrial census-1983 and a cottage and small industry survey-1983, in 66 districts covering the Terai, valleys and hills between mid-February and mid-June.

National Planning Commission member Dr. Bijaya Bahadur Pradhan inaugurated here Friday a training programme for officers and 115 auxiliary staff who will carry out surveys. The 115 include three officers, and 30 accountants.

On the occasion Dr. Pradhan said the success

of the surveys depends on close cooperation from industrialists and all efforts spent on them will be wasted if such cooperation is not forthcoming.

Stating that the training programme is being held to give the staff concerned a clear idea of

what kinds of data to gather, the significance of the data and how the data is to be gathered, he said factual data is vital for the successful formulation or implementation of any project.

Dr. Pradhan appealed to all industrialists to

correctly answer all questions asked in the survey, and thereby contribute to the country's industrial development.

The acting director-general of the Central Bureau of Statistics said the surveys were being held under the Sixth Plan target of collecting data on industries including cottage and small scale industries which have been winning a growing place in the national economy. The questionnaires used in previous such surveys has been redesigned as needed.

The surveys will involve expenditures totalling about three million 600 thousand rupees and the results will be published about a year later, he said, adding that another 200 surveyers will be needed in the field.

The industrial census is carried out every five years and the cottage and small scale industries survey, every 10 years.

Comparison of data from the second survey in 2029 B.S. and the third survey in 2034/35 B.S. showed increases of 46.6 percent in the number of industrial units, 36 percent in employment and 43 percent in production.

Similarly, according to the findings of the cottage and small scale industries survey of 2029/30 B.S., some one

million people are employed in 376 thousand cottage and small scale industries, and the production of this sector amounted to 300 million rupees. The number of industries has been going up every year along with the volume of production.

Industrial production in 2036/37 B.S. amounted to 336 million rupees, a growth of 14.4 percent over the corresponding figure in the 2027/37 B.S. survey. In 2036/37 B.S. this amounted to 4.2 percent of GNP. (RSS)

Kathmandu THE RISING NEPAL in English 17 Jan 83 p 2

[Article by G. S. Rajbansi]

[Text]

It would be hardly a matter of controversy that agriculture occupies a dominant position in the economy of least developed country like Nepal in particular, and in the economy of under-developed countries in general. In Nepal, where 90 per cent of its working population (labour forces) get their employment in agriculture and 93 per cent of the total population derive their livelihood from it, the importance of agriculture in Nepalese economy rarely needs any exaggeration. GIRIJA SHANKAR RAJBANSI takes a look.

Again, sixty per cent of its total export trade consists of agricultural products and if the percentage contribution of agro-industrial products like jute-goods, sugar, cigarette etc. are added, this percentage contribution of the agriculture would jump to 80 percent of the total export trade. "Agriculture is the foundation of the Nepalese economy, it accounts for over 60 per cent of G.D.P., provides employment to about 90 per cent of the labour forces and is the source of about 80 per cent of exports. An expanding agriculture is thus a prerequisite to general economic improvement.

**Importance of Capital in Agriculture:-** Till today, the common agriculturist-the farmers and some times, even the agro-economists

regard agriculture as the game of nature. It is widely believed in Nepal, that agriculture is the gamble of the monsoon. But if these under-developed countries are to solve their pressing economic problems-the problems of food, poverty, unemployment and the like agriculture cannot be allowed any more to remain the game of the monsoon.

The role of capital has been crucial in the development of agriculture. Even in its most natural or primitive form agriculture does need some amount of capital. It is now generally recognised that without an adequate investment of capital agriculture can not make substantial contribution to general economic development of the country. Thus,

capital investment and formation of capital is the most crucial problem of agricultural development of the under-developed countries. In fact, in an under-developed and predominantly agricultural economy, characterised by poor technology of production, low farm income, relatively small saving, social and economic stagnation, the problem of agricultural development directed towards the long run objective of self-propelled growth can very largely be viewed as a problem of growth of farm capital.

#### **Agro-Productivity**

The agricultural productivity in Nepal, in spite of being an agricultural country-is one of the lowest even among the under-developed countries. "The world average yields of paddy, maize, and wheat are 2,000, 2020, and 1170 kilograms per hectare; whereas the yields in Nepal are only 1,819, 1,898, and 1,112 kilograms per hectare. In Japan, the average yields per hectare of these food-grains is 4,700, 2,700 kilograms". Again the agricultural production during the Fifth Plan period decreased by 1.1 per cent than that of the previous Plan period and thereby its contribution to the G.D.P. also declined from 69.7 per cent in the previous Plan period to 54.3 per cent in the Fifth Plan period.

As a result, the per capita income at the end of the Fifth Plan declined. In fact, the whole economy, except the growth in population, remains stagnant. And there is thus a vicious circle of poverty, viz. low-income, very low or no saving (dis-saving), and very low or no investment and low productivity-again low income. Yet, with all these constraints-at present, Nepal's comparative advantages rest clearly with agriculture. This reflects the lack of natural resources that might serve as the basis for industry, the unsatisfactory

human base that limits its competitiveness, as well as Nepal's small domestic market and land-locked

position. Therefore, the development of agriculture is the only solution for removal of poverty and for breaking down the so-called vicious circle of poverty. The circular constellation of the stationary system is real enough, but fortunately the circle is not unbreakable and once it is broken at any point, the very fact that the relation is circular tends to make for cumulative advance. One may perhaps hesitate to call it a circle vicious: it can become beneficent.

There is no other way out from this material poverty except through the increment in agricultural production. And the agricultural productivity, if the institutional problem has been solved through the

implementation of scientific land reform, is the function of higher and higher level of capital investment e.g. the more construction and use of irrigation facilities, better seeds, scientific fertilizers, better and modern tools, including the well advanced human capital and so on, coupled with the modern techniques of production.

Indeed, it is for this role, which capital plays, as kingpin, in finding solution to the problem of low agricultural productivity, capital and agricultural capital formation assumes greater importance in the process of agricultural development and thereby general economic development. The whole economic history of the modern advanced countries reveals this truth. □

## Devaluation of Rupee Discussed

Kathmandu THE RISING NEPAL in English 20 Jan 83 p 2

[Article by Dr H. B. Jha]

[Text] His Majesty's Government by devaluing the Nepalese rupee in terms of United States dollar by 8.3 per cent fixed the new exchange rate Rs. 14.30 per US dollar from December 17, 1982. The devaluation of the rupee in terms of foreign currency is not a new phenomenon in Nepal. However, the circumstances under which the rupee had to be devalued at this time vis-a-vis the US dollar for the second time after October, 1981 carry much importance. The devaluation per se is not very important. What is more important is its prospective impact on the economy of Nepal, says Dr. Hari Bansh Jha.

No doubt the devaluation of the rupee vis-a-vis US dollar by only 8.3 per cent is modest. Nevertheless, this change in the exchange rate will have a certain impact on the economy. In this regard, it is imperative to throw light over the reasons which compelled H. M. G. to devalue rupee in terms of US dollar. For the last several years, the deficit in the balance of trade of the country had been expanding very fast. For example, during the brief span of five years, the country's deficit in the balance of trade grew from Rs. 1175.4 million in 1976-77 to Rs. 2830.2 million in 1980-81 i.e. by 41.53 per cent. The way in which the export trade of the country had been falling and the import trade increasing became the issue of serious concern to policy makers, planners and the government. On account of this, it became unavoidable for H. M. G. to adopt such policy by which the growing imbalance in trade could be checked effectively.

### Normal Course

In the normal course, the devaluation of the domestic currency vis-a-vis foreign one results in encouraging exports, discouraging imports and correcting the adverse balance of trade position of a country. H. M. G., therefore, out of the desire to correct the disequilibrium in the balance of trade resorted to the method of devaluation of the rupee vis-a-vis US dollar.

Again, before the devaluation of the rupee vis-a-vis the US dollar, there was a great imbalance in the exchange rate in between the US dollar, Indian rupee and Nepalese rupee. Till December 16, 1982, one US dollar could buy Indian Rs. 9.69 which could further buy Nepalese Rs. 14.05. But at that time, the official exchange rate between US dollar and Nepalese rupee was Rs. 13.10 per one dollar. Accordingly, if a man converted one dollar into Indian rupee and then converted it again into Nepalese rupee, he could earn 95 paisa (Rs. 14.05-Rs. 13.10). As this imbalance of cross rate was undesirable, H. M. G. was compelled to devalue the rupee in terms of the US dollar in order to readjust the exchange rate among the US dollar, the Indian rupee and the Nepalese rupee in the balanced way.

However, considering that the frequent change in the exchange rate of the national currency vis-a-vis foreign currency leads to instability in the field of business, trade and commerce of a country, too many changes in the exchange rate should be discouraged. As H. M. G. has been maintaining fixed exchange rate of the Nepalese rupee with US dollar and Indian rupee, any change in the exchange rate of Nepalese rupee with either of these currencies must have an important impact on the economy of this country. In order to avoid the prospective adverse impact of the change in the exchange rate with these two currencies, opinions have been expressed for doing away with the fixed exchange rate with not only US dollar but also Indian rupee. But it does not appear to be worth while to discuss at this time whether Nepal should avoid maintaining fixed exchange rate with US dollar and Indian rupee and adopt in its place the floating rate of exchange. Instead of getting involved in this debate, what is more important to be discussed is the advantages that Nepal should achieve as a result of the recent devaluation of the rupee.

#### Prospects

Because of the devaluation, the Nepalese rupee has become cheaper and the US dollar dearer. This may encourage the foreign businessmen as well as the government to buy more goods from Nepal. On account of this, there is prospect of the growth of export trade of the country. Unlikely, as the US dollar will be dearer, the commodities to be imported with this currency will also be dearer. This may tend the import trade to decline. Thus, with the growth in the export and decline in the import, there is not only the possibility of correction in the disequilibrium in the balance of trade but also the prospect of earning more of foreign exchange.

#### Attracting Investors

A great opportunity has come to HMG to improve the depressed economic lot of the country through the devaluation of the Nepalese rupee vis-a-vis US dollar. The government may use this tool of devaluation to serve the best interest of the nation as mentioned in the foregoing analysis. However, only the future will show as to what extent the government will benefit the country in the various sectors of the economy through the recent devaluation.

(Dr. Jha is the Director of Third World Economic Studies (ITWES), 5/108, Jawlakhel, Latipur)

SSG: 4600/254

# ROYAL COUPLE MAKE DEVELOPMENT TOUR OF PROVINCES

## Projects Surveyed in Kosi Zone

Kathmendu THE RISING NEPAL in English 14 Jan 83 pp 1, 8

[Text] **Dhankuta, (RSS) :**

**Their Majesties the King and Queen flying along the Arun river embarked upon the unofficial tour of Koshi zone in the Eastern Development Region from Kimathanka village panchayat in the northern sector of the zone Thursday.**

Their Majesties at Kimathanka were loyally welcomed by the local pradhan pancha along with the people of Kimathanka, Chepuua, Hatiya and the neighbouring areas.

Their Majesties acquired information about the local problems and needs from the local pancha workers and the people.

His Majesty the King after that instructed the Minister-in-Attendance Navaraj Subedi to make necessary arrangement of food-grains for people of Kimathanka and the remote village panchayats further south of Kimathanka, provide necessary medicines to Hatiya health post, repair the mule track from Mane Bhanjyang to Kimathanka and provide about fifty thousand rupees for construction of Kimathanka monastery.

Their Majesties from Kimathanka flew to Hatuwa area in Bhojpur district, considered to be the most backward area in Koshi zone.

Their Majesties on arrival there were presented with an address of felicitations by district-panchayat president Sangram Singh Rai on behalf of the panchayats of Bhojpur district.

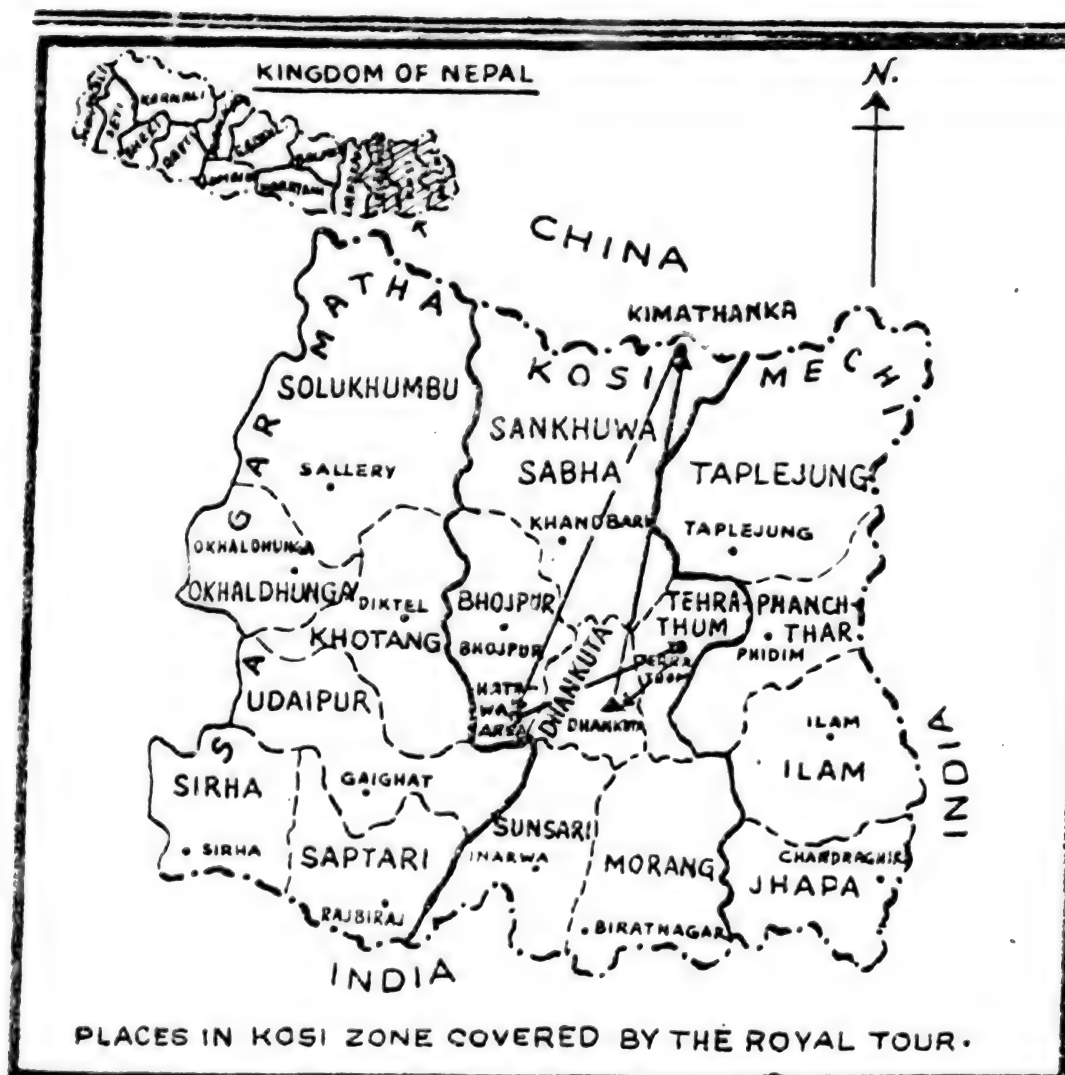
Thousands of people had assembled there to greet Their Majesties the King and Queen.

As commanded by His Majesty the King the Minister-in-Attendance thanked the mammoth gathering and informed those present on the occasion that His Majesty the King wanted development of transport facility, agriculture, industry and other fields so that all the Nepalese living in the nook

and corner of the country could have their share in the country's prosperity.

He added that His Majesty the King with this objective had been touring the nook and corners of the country ignoring the severe cold of the winter.

He said that His Majesty the King had commanded the government to undertake drinking water projects in Ranibas village panchayat, Tharpu village panchayat and Devantar village panchayat of Hatuwa region, provide corrugated iron sheets for roofing the lower secondary school of area number eight, the hostel building of Ranibas village panchayat, Prajatantra lower secondary school of Homtang village panchayat, Kalika primary school building of Kheram village panchayat, Chandeswori



secondary school of Pawala village panchayat and Saraswati primary school building in Dumana village panchayat of Bhojpur district.

He said that His Majesty the King had also ordered to make arrangements for providing necessary equipment for processing ginger through solar energy at Homtang, and construction of suspension bridge over the Fukuwa rivulet.

The Minister-in-Attendance also said that His

Majesty the King had ordered the government to conduct a feasibility survey for irrigation in Sindrang village panchayat and Ranibas village panchayat and undertake the project if deemed feasible from the technical point of view, provide necessary equipment free of cost to women of Sindrang, Homtang, Khoram, Patalepani and Debanar village panchayats trained by Dhankuta women's training centre and cottage and small industries department and make provision for veterinary facilities

in Balangawa village panchayat.

The minister then informed the gathering that His Majesty's Government had decided to conduct a feasibility survey for undertaking irrigation projects and construction of suspension bridge if feasible from the technical point of view and would undertake other projects from the current fiscal year.

Mr. Subedi said that the local people also should do what they could for the development of their regions in the same spirit as

His Majesty the King who loved his people had ordered to undertake so many projects for them. He added that they should not depend upon His Majesty's Government only.

Among those present on the occasion were RP members Mukunda Bahadur Basnet and Tanka Dhakal.

Their Majesties flew from Hatuwa of Bhojpur district to Tehrathum. From the helipad of Tehrathum Their Majesties walked on foot to the shrine of Goddess Singha-Bahini and offered worship.

Their Majesties then acknowledging the loyal greetings and bouquets presented by a large number of people including ex-minister of state Bishnu Kumar Tumbahamfe who stood on the paved path proceeded to the special rostrum erected for the occasion at Ghodetar. Ghodetar was jammed by men and women and children coming from far and near.

Their Majesties on the occasion were presented an address of felicitations by chairman of the reception committee and president of the district panchayat Krishna Prasad Sapkota.

Thanking the gathering as commanded by His Majesty the King, the Minister-in-Attendance said that His Majesty the King had given instruction to set up a cardamom development section under the Tea Deve-

lopment Corporation keeping in view the fact that cardamom, even from the point of view of domestic consumption, was becoming one of the major cash crops in the country in areas which were declared tea development pockets in the Eastern Development Region.

He said that His Majesty the King had instructed to constitute a cardamom development committee by including in it farmers and businessmen of the private sector, provide the farmers engaged in cardamom cultivation loans and necessary equipment in an organised manner, encourage constitution of Sajha organisations of cardamom cultivators so that the farmers could get a fair price for their produce, organise short term training and workshop programmes for the cultivators of cardamom and make the corporation responsible for processing and raising the quality of cardamom along with the exploration of market for the same.

He said that His Majesty the King had ordered to gradually set up the incentives to be given to areas declared tea development pockets for the cultivation of cardamom wherever it is possible in the hilly areas of the Eastern Development region.

As directed by His Majesty the King, His Majesty's Government has decided to give priority to building the Dharan-Dhanakuta-Hile road up to the headquarters of the Tehrathum district after it is

constructed up to Basantapur, he noted further.

Likewise, His Majesty's Government would also gravel the Ilam-Panchthar road up to Taplejung by giving priority as directed by His Majesty.

His Majesty's Government would also carry out a detailed feasibility survey concerning the extension of irrigation facilities from Pimbuwa, Teliya, Saduwa and Koya rivulets for agriculture development of Tehrathum district, as directed by His Majesty to explore the feasibilities of such extension from the technical point of view, the minister noted further.

Former RP members Bhimraj Khapung and Sher Bahadur Ingnamg were also present on the occasion.

Their Majesties were accompanied by Their Royal Highnesses Prince Gyanendra Bir Bikram Shah and Princess Komal Rajya Laxmi Devi Shah.

Also accompanying Their Majesties were Chairman of the Rastriya Panchayat and Chairman of the Panchayat Policy and Evaluation Committee Manich Man Singh, Minister-in-Attendance Navaraj Subedi, National Planning Commission vice-chairman Dr. Mohan Man Sainju and Koshi zonal commissioner Dharma Bahadur Thapa.

## Directives Given in Eastern Region

Kathmandu THE RISING NEPAL in English 21 Jan 83 pp 1, 8

[Text] Dhankuta, (RSS):

His Majesty King Birendra has given directives to His Majesty's Government to ameliorate the economic and social condition of people of the Eastern Development Region by giving due priorities to the implementation of such projects as construction of the north-south roads, irrigation and hydropower projects, management of cottage industry, tea and cardamom farming and such other agro-based industries.

His Majesty the King has instructed that plans and programmes be formulated on the basis of the decentralisation scheme and keeping in view the resources and means of the Eastern Development Region so that the local institutions and pancha workers with the assistance of the administrative units could mobilise to the maximum in providing basic services, and employment to the people through the formulation of programmes with vocational bias.

These directives were given by His Majesty the King during His Majesty's official visit to the Eastern Development Region, according to the press communique published Thursday by the Principal Press Secretariat of His Majesty the King.

According to the communique, His Majesty the King has also instructed to constitute a committee under the chairmanship of the Assistant Minister who is acting as the head of the inspection team in the

Eastern Development Region to review the implementation of the programmes and also to supervise on regular basis whether such programmes ordered by His Majesty the King for implementation are being carried out.

His Majesty's directives include completion as soon as possible of the Charale-Taplejung highway which comes under the Mechi highway, survey of the Dhankuta-Khandbari portion of the Biratnagar-Dharan - Dhankuta-Khandbari road of the Koshi highway with a view to commencing the construction work as soon as possible.

The directives also enjoin on the government to complete the construction of the road of Mirchैया-Katari and Kushaha-Gaighat sector in Sagar-matha according to the target by expediting the construction work and then undertake the survey for construction of the road going towards north. This should be followed

with the construction of the road going upto Terhathum soon after the completion of Dhankuta-Hile-Basantpur road.

The Royal directives given concerning development of agriculture include stepping up of tea production in Jhapa, Ilam, Panchthar, Terhathum and to declare Dhankuta district a tea development region and provide necessary technology and equipment to raise the quality and quantity of tea both for domestic consumption and export.

Necessary arrangement should be made in altering the provision regarding the ceiling on land-holding, revenue amount and the provision for credit facility in order to attract the private sector to tea industry.

The Royal directive also enjoins on the government to provide necessary facilities for promotion of cardamom, jute and other cash crops by encouraging private sector.

As for augmenting the industrial production by giving due incentives

His Majesty the King has directed to expand jute industry, diversify jute products, give emphasis for raising internal consumption by effecting reforms in the organisational aspects of jute mills and jute production and the management of the jute development and trading corporation, to create interest in industrial ventures and give incentives, the Royal directive says that industrial exhibition should be held, the production capacity of the existing industries should be raised and give emphasis to the study of related feasible industries engaged in processing aspects.

The proposed Udayapur cement factory should be implemented earlier in the interest of the country by giving due emphasis for creating necessary infrastructure for the cement factory.

His Majesty has also instructed to give top priority to the implementation of the Kankai multipurpose project in the field of power and irrigation, complete Morang-Sunsari irrigation project and western Koshi and pump canal according to schedule, expedite the implementation of micro hydel projects by having consultations with the units concerned and conduct extensive survey of Muighat electricity project.

As for the execution of the integrated projects, His Majesty the King has directed to strike coordination among different units

at the central level and carry them out in accordance with the principle of the decentralisation while making efforts at the same time to overcome the financial and other problems that might come up.

The Eastern Development Region considered from the point of view of overall development of the nation has assumed a significant position compared to other development regions in the production of grains, the cultivation of cash crops and their export including the development of industrial ventures and the basic infrastructures needed for local development, says the press communique published by the Principal Press Secretariat of His Majesty the King.

It adds that the Eastern Development Region should lend more support for the all-round development of the nation.

It says if there are regions well within the development region which have not been able to have the fruit of development in a proportionate manner on the one hand, the aspirations of the people seem reflected on the other in the development of basic infrastructures like the establishment of industrial ventures, development and extension of transport which lend support to raising production, irrigation facility, electrification and development of cottage industry.

## DECENTRALIZED DEVELOPMENT OF SMALL ENTERPRISES PROMOTED

## Progress of Decentralization Reviewed

Kathmandu THE RISING NEPAL in English 8 Jan 83 p 2

[Article by Siddhi B. Ranjitkar]

[Text]

After the introduction of the Panchayat Political System in Nepal in 1962, Panchayat Development Land Tax was implemented for infiltration and subsequent consolidation of the newly applied political system at the grass-root level.

After the introduction of the Panchayat Political System in Nepal in 1962, Panchayat Development Land Tax was implemented for infiltration and subsequent consolidation of the newly applied political system at the grass-root level.

The revenue originated from this tax was shared by His Majesty's Government, the District Panchayat and the village Panchayat at 35%, 10% and 55% respectively. As such this tax revenue was the significant source of income to the grass-root level, panchayat institutions, for their developmental activities. This scheme was experimentally launched in some

panchayats of eastern Nepal. Though it achieved a success, it virtually disappeared.

Then there was the Local Administration Act 1965, which envisaged to delegate some authority to the local panchayats, with the objectives to (1) mobilize the local resources for the economic development, (2) create local leadership, (3) decentralize administration. Under this Act, the country was divided into 14 zones and 75 districts. A chief district officer was posted in all the districts, to maintain law and order, and to act as a secretary to District Panchayat to coordinate and implement all development projects at the district level.

Lack of manpower was foreseen for implementation of the decentralization process, hence a number of training centres were opened to train the panchayat activists. It seems that significant efforts were made to decentralize the authorities to the local panchayats during the third Plan Period. However, it was felt that a considerable amount of work had still to be done to realize the development potentialities at the local level.

At the end of the Fourth Plan (1974) the government adopted the District Administration plan under which planning for the District Development should be initiated at the village level. National resources for execution of development activities were allocated based on the District Administration plan which was to be approved by the District assembly.

General subject matter committees with the representations of the locally elected panchayat activists and the government officials were formed to prepare sectoral plans for the districts. The chief districts Officer had to function as the coordinator of all development programmes in the district and the implementator of the District Panchayat decisions. But most of the ideology remained in paper, as the Ministries and the departments refused to relegate their supervisory role and as the Planning at the centre continued and targets were handed over. During the formulation of the Sixth Plan, the district plans were incorporated in the national plan and published as the second volume of the Sixth Plan. This five year plan may be adopted as the periodic plan to draw annual plans of the districts.

## Decentralization Act 1982

-The Village Panchayats and the Town Panchayats will be responsible to implement their development programmes.

-District panchayats will be responsible to launch and implement their district level development programmes.

All the district level offices of His Majesty's Government concerning development activities will remain as the branch offices of the District Panchayat Secretariat.

-The Village and the town panchayats will prepare their annual plans which will be incorporated in the district plans.

The District Panchayats will prepare their unified annual district development plans with the National Planning Commission and the line ministries within the policies and the guidelines prescribed by His Majesty's Government.

The District Panchayat will constitute several subject matter committees to formulate the district development plans.

-The district plans have to be approved by the district assembly before the plans are to be accepted by the National Planning Commission.

-There will be the District Supervision Committee which will be chaired by the National Panchayat member of the district concerned, and the District Panchayat chairman, vice-chairman, the chief district officer, the local development officer and the Engineer from the public works section will be the members of the committee.

Service Centres will be created in the districts. Such centres will provide technical support to the village panchayats in planning, implementation and review of the development programmes.

There will be Consumers' Committees consisting of five members from the beneficiaries.

-Local Panchayats will be authorized to levy

panchayat development and land tax.

-Account of the District and the town panchayats will be audited by the Department of the Auditor General and accounts of the Village Panchayats will be audited by the persons designated by the Auditor General.

## Obstacles

More than 95% of the Nepalese population live in the rural areas, hence the major thrust of development in the rural areas is more than justified. There will be people's participation, in the development activities in the real sense if the Decentralization Act is successfully applied. However, is the infrastructure i.e. required manpower for planning, implementation and evaluation of the development projects available or not. If not how is this skilled and trained manpower to be made available?

Hundreds of technician, if not thousands, may be required to accomplish the development projects.

Similarly, many accountants have to be trained to keep the accounts of about 4 thousand village panchayats, town panchayats, and the seventy five district panchayats. The same number of auditors have to be trained and appointed.

The National Planning Commission also has to send a number of well versed planners to the districts so that some tangible development plans could be formulated.

With the implementation of the Decentralization Act 2039, the responsibility and the authority to plan, execute, and evaluate the local level projects lie with the local panchayats. Hence, the local people through their elected representatives in the local panchayats would have the major say for the development activities which will be undertaken at the local level. Therefore, the people can enjoy their full participation in the development activities.

#### Autonomy Policy Implemented

Kathmandu THE RISING NEPAL in English 14 Jan 83 p 2

[Text] The recent policy statement by the Ministry of Finance and subsequent address by the Minister of Finance to the heads of the corporations are felt to be a distinct policy digressing from the previous line of government thinking, Narayan Silway looks at the announcement from various angles.

Though it is said that the recent policy has nothing to do with the increment of the twenty per cent allowance to HMB employees which has been since long overdue, the unprecedented announcement has led many corporate chiefs to contemplate that HMB has cleverly obviated its additional financial burden. To many corporations' chiefs the recent move might have been welcome; but for the sick corporations it will turn out to be a severe blow.

Byddy

The recent move by the government is prompted by its desire to let public enterprises operate more like a business house than a departmental unit. The deteriorating financial return and the burgeoning government subsidy to keep afloat these corporations have always been a focal point in discussion both at home and outside during debates on foreign assistance and loans. On and off, voices have been raised to grant autonomy to the management of public enterprises and sometimes it has even been suggested to follow a line of French style of contractual management system for Nepali public enterprises so that the performance could be improved. Essentially, autonomy to the public enterprises and a sort of control mechanism at the policy level has always been demanded. So now if the government is giving to such demand, the corporations' chiefs do not seem to be very happy. They tend to link their fate with the future but are not prepared to face the present. Obviously, the government cannot cease to share its responsibility for the wrongdoings of the corporations, and it does not mean that whatever flows the public enterprises have incurred in the past is all due to HMG's policy.

1983-11-18

It is surprising, and there should not be a dissension of opinion about it is that the chiefs of the public enterprises wish to see HMG as a purveyor of finance so that they have no chips to bear on their shoulders. In the present changed context, seldom has a corporation chief put its opinion about

the other aspect of the policy statement of the government i. e. fixation of physical, financial and social targets. Neither has someone delved into the future control mechanism of the government and as to whether the government would grant autonomy in the area of price and investment decisions too.

Surely quite a few corporate chiefs would have been skeptical about autonomy in the above areas. Needless to say, autonomy does not necessarily have to be absolute. It has to be within the control of HMG since ownership and control go hand in hand. If any corporation would have misgivings about autonomy, then the government should dispel that. HMG cannot disperse with its controlling power just to let public enterprises fix whatever they want to produce and sell, whatever prices they fix irrespective of output market structure and whatever type of investment they want to make. The present concept of autonomy is to allow a sort of flexibility in day to day running of public enterprises. With the changed situation, a public enterprise would have more autonomy depending upon the extent to which it satisfies the government's set targets. However, mere achievement of target will not suffice until cost effectiveness and quality of service are also ensured.

#### Important Role

Fixation of targets has thus an important role to play. It has to take into account many factors some of which may have relevance to the administrative ministry, some to the Ministry of Finance and some to the Public Enterprise itself. It is why the Ministry of Finance has set out to fix such targets in consultation with the ministry and the enterprise concerned. So far this work has attracted less attention of the corporate chiefs. Of course, there may have been some confusion as to what this fixation means and how far it deviates from the one fixed by the National Planning Commission. Indeed, there is some difference. In the new arrangement physical target will be associated with financial/social targets. Moreover, an overall assessment of physical, financial, and human resources will be made in order to ascertain the extent by which additional resources would have to put or prices revised and if not how less these targets could be set? Finally, the public enterprises' overall performance should be linked with the achievement of such targets, and the Ministry of Finance should appraise propriety of investment to be made in public enterprises on that basis. Therefore, it is a matter of self conjecture for the corporations' chiefs as to what extent of autonomy they would like to have.

Narayan Silway is section officer at the Corporation Co-ordination Organization.

#### Cooperative Movement Stressed

Kathmandu THE RISING NEPAL in English 18 Jan 83 p 3

[Text] Sajha (cooperative) economy is one of the goals set by the partyless democratic Panchayat system but there is yet much to be done and far to go before this ideal is achieved. The

Sajha economy is a unique concept that seeks to better the life of all. From time to time, Nepalese leaders have been speaking of the need to strengthen the Sajha system so as to provide economic and commercial services to the people. However, of late, the Sajha system appears to have been neglected and not given as much importance in the scheme of things as in the past. Thus, the Minister for Law and Justice and Land Reforms, Mr. Bakhan Singh Gurung, has done well to remind all that the Sajha programmes were people's programmes and the people's representatives need to be active in ensuring the success of these programmes. The minister's remarks were made at a population control and family welfare camp organized by Sajha; this clearly points to the positive role Sajha organisations can play in activities devoted to public welfare. As Sajha organisations are mostly run by the local people they have a better chance of watching the common man and in communicating to them various measures needed to improve their life style. Indeed, the importance of the Sajha movement may not be quite apparent to those in the urban areas, but in rural areas it has been playing a meaningful role in spreading education, providing agricultural inputs, acting as a market for the farmers' produce and other similarly important roles.

The 'Sajha' organisations and programmes have been instrumental in providing or helping to provide credit to farmers. Many agricultural credit institutions have in the past channellised their credit through Sajha or other cooperatives. Indeed, members of Sajha and other cooperatives find it much easier to receive credit than would otherwise have been possible. This apart, the produce of the farmers is sometimes sold to 'Sajha' organisations, specially when marketing facilities are not available due to a lack of transportation facilities. In this regard, the Sajha and other cooperative agencies can play a constructive role by acting as procurement agencies whenever possible. This is specially important in view of the government

fixing minimum prices for paddy. Unless there are enough and willing procurement agencies, farmers will still be compelled to sell paddy at lower prices despite the minimum price fixed by the government. Obviously, His Majesty's Government does not have a wide enough or comprehensive network to ensure the compliance of the minimum price. And in the absence of proper marketing conditions, farmers will tend to sell their produce even at lower prices. Hence, in order to give the farmers their due, organisations such as Sajha should be able to buy up paddy at the fixed price and resell in to government agencies, the Nepal Food Corporation or private parties at only a nominal profit. Looked at from any angle, therefore, the Sajha movement calls for further strengthening in rural areas where it will be able to provide the much needed economic and social services to the rural populace.

#### Investment Policy for Projects Discussed

Kathmandu THE RISING NEPAL in English 20 Jan 83 p 2

[Text] Investment policy in projects is the most crucial area in the realm of managerial decision-making. The success or failure in business depends primarily on the quality of the investment decision of the management. An appraisal system has also an important part to play in making the right investment decision, says Navin Chandra Joshi.

There are various investment and appraisal techniques which serve as analytical tools to the management in the course of decision-making. The basic object of an investment is that in return for paying out a given amount of cash today, a larger amount will be received back over a period of time. The larger amount should not only repay the original outlay but also provide a minimum annual rate of interest on the outlay. However, government investment decisions also aim at meeting the demand of the economy at the macro level.

#### Dimensions

Investment problem has mainly two dimensions viz., that the project is usually the one which will affect the cost of production, and that the investment is made with a view to increasing the income by expanding the business through investment in new projects, by expanding the existing facilities and so on. In both the cases, it is necessary to select the best alternate investment scheme with due consideration of the risk involved. It is also true that no

matter how well an investment situation is investigated, it will never be possible to express every aspect of the problem in numerical or financial terms. There will also be some problems which will have to be resolved out of the experience and with the best of judgment of the decision-maker.

In investment appraisal, there are three important steps viz., estimation, calculation and evaluation. Estimation involves establishing the data concerned with the project. For example, capital cost, size of the market, cost of raw materials, price of the finished output, life of the project, etc., will need to be investigated and established. Likewise, a schedule for earnings and expenditure during the project life will have to be established. Then the rate of return from the project will be calculated so that various projects can be compared on this account.

The estimation step involves general information of the project in a feasibility report (FR) containing information regarding the enterprise, its past record, its present capabilities and its future requirement. The report should also indicate the proposed organisational structure for the management of the project. The viability of a project is judged by the gap between the level of demand forecast in its plan and the prospective supply from the capacity that has already been created or is in the process of being created.

#### Assessment

The FR should include a complete list of all projects for which letters of intent/licenses have been issued. An assessment of other proposed projects should be made as to whether they are likely to materialise and if so, the date by which they may go on-stream. On the basis of the demand and supply analysis of other existing units, the enterprise should lay down its own capacity-creation target. The preliminary analysis of alternatives will enable identification of several investment options that are worth considering. The FR should contain a brief description of the kind of technology/process that would be used in the project. Similarly, information regarding the selection of the site, its cost and suitability, availability of water and power and infrastructure, and the trading network, etc., will find place in the FR.

The report should also present information regarding the environmental effects arising from population, water, land characteristics, air, flora, fauna, etc. Mention should be made for the possible effects of pollution, environmental disruption, land transformation, resource extraction and human settlements that are likely to tell upon the project. There should also be information regarding equipment, construction inputs, labour and transport requirements. The input requirement will indicate the sources of raw materials supply and an assessment of their reliability. It should also give the percentage of component/semi-finished products to be procured from ancillary industries. Activity-wise phasing of construction in the form of a bar chart or a critical path diagram should be appended. The time of delivery of imported and indigenous equipment is also an important item to be included.

A detailed market analysis in the feasibility report is essential for decision options dealing with choice of product pattern, location of market areas, cost of marketing, etc. While in some cases, the market area may be whole country, in others it will be a local region. An area-wise analysis is particularly important for transport-intensive commodities. If the project involves exports, then data relating to the importing countries will also be needed. Estimates of supply in each market as projected in the marketing plans of competing suppliers should be given. If the demand for the project's commodity is price-sensitive, estimates of the degree of price sensitivity will need to be presented.

### Significant

One significant phenomenon in appraisal is the determination of cash flow i.e., movement of cash either into or out of the project account. Once the net cash flow is established for the whole period of the project life, it becomes relatively easier to analyse the project on the financial basis. Amongst the various methods of appraisal are the payback method, annual return on capita, discounted cash flow method, annual return on capita, discounted cash flow method, annual capital charge method, net present value method, yield method, etc. There is no general consensus on which of these methods is the best or ideal under a given situation. The discounted yield and the net present value are the more commonly used and economically viable methods for analysing capital projects.

During the process of investment, an element of risk and uncertainty crops in. Decisions which are likely to be influenced by government policies or other conditions can be said to be decisions under uncertainty. The various kinds of risk involved are (i) the changing external economic environment, (ii) bias in the data and in its assessment and interpretation, (iii) technological obsolescence, and (iv) errors in the analysis of the data. Data on sales realisation, levels of costs, life of the project, etc., have to be analysed.

### Critical

Sensitivity analysis calls for determining the effect of variations or changes in an element of project revenue which are critical to the acceptance of a project. A sensitive project is one in which the ultimate outcome as calculated is likely to change significantly following a relatively small change in the value of one or more of variables involved. If the ultimate outcome is not affected by changing the values of the variables then the project is said to be not sensitive with respect to these variables. In investment projects associated with fast technological changes it is essential to gauge the sensitivity of the project to obsolescence of technology before the investment is made. It is difficult to compare the sensitivity of one project to its variable components with that for another when it involves making a choice between several projects. It is true that if the costs of a project are underestimated or control is lost during construction, an expensive project can be put at risk. There is therefore a great importance of project analysis before a project is launched.

## Irrigation of Small Farms Underway

Kathmandu: THE RISING NEPAL in English 21 Jan 83 p 2

[Text]

About 4,700 small farm families in Nepal will benefit from the second phase of an irrigation project supported by an SDR (special drawing right) 15.1 million (sixteen million dollars) credit from the International Development Association (IDA); it is learnt.

IDA is a concessionary lending affiliate of the World Bank.

The Bhairahwa-Lumbini groundwater project, begun in 1976, is the first relatively large size tubewell development scheme in the country.

The follow-up project will ensure effective operation and management of works built under the first phase, due for completion by mid-1983. With the help of an IDA credit of nine million dollars, sixty-four tubewells have been constructed under the first project to irrigate 7,600 hectares in the Terai region.

In addition to completing works and services under the first phase, the second IDA credit will finance the installation of fifteen tubewells on a pilot basis. If the new systems prove to be more efficient and suitable for Nepal, they may be used in future groundwater development projects.

Funds will also be provided to maintain twenty-eight wells constructed in the central Terai under

the Birgunj irrigation project, completed in mid-1981 according to the IDA sources.

The training and visit system of agricultural extension will be strengthened in the entire Rupandehi district, comprising 79,000 hectares of agricultural land. The extension efforts will focus on farm water management and on improved use of high-yielding variety seeds for major crops.

With tubewell irrigation, annual foodgrain production of rice, wheat and maize will increase by about 185 percent over five years, to 27,300 tons.

The average per capita income of project farmers is expected to double under the second phase from sixty-seven dollars to 148 dollars.

## Small Industries Encouraged

Kathmandu THE RISING NEPAL in English 21 Jan 83 p 2

[Article by Yagya Raj Joshi]

[Text] Industrialization is one of several indispensable strategies that developing nations can pursue to satisfy basic human needs, distribute the benefits of economic growth more equitably and justly, and promote greater national economic self-reliance. However, planners and policy makers in many countries have become disillusioned with "trickle down" theories of economic development that were based on heavy investment in large-scale, capital intensive, export-oriented manufacturing in major metropolitan centres, says Yagya Raj Joshi.

A multi-sectoral approach to national development in which industry is used together with investments in physical infrastructure and social services basically to stimulate agricultural production, accelerate rural transformation and integrate urban and rural economies is now in vogue.

### Benefits

Experience in this sector shows that small-scale industrialization can stimulate rural economies in a number of ways: mainly by mobilizing un-utilised or under-utilised resources, increasing the ration of capital investment and promoting entrepreneurship. In many developing nations apprenticeship in small firms are the only means through which large numbers of the rural poor can hope to obtain vocational training and gain the experience needed to start their own small manufacturing ventures. Moreover, because small industries are generally labour-intensive, they can often supply desperately needed employment opportunities for rural people. They usually require relatively low levels of initial investment and have lower capital costs than larger enterprises. In addition, they often make better use of locally available resources and serve local markets more effectively than large industries.

In order to promote these beneficial small-scale ventures, however, governments depend on a wide variety of support organisations. The institutional components of these small-scale industrial infrastructure include cottage and small scale industry department, industrial development corporations, commercial and development banks and finance corporations, chamber of commerce and industry, industrial service centre and Ministry of Industry.

In many developing nations small-scale entrepreneurs have great difficulty identifying feasible ventures and rarely have the resources to conduct market and appraisal studies. Project identification must be stimulated by governments, agencies, commercial banks or industrial development corporations. But evaluations have shown that industrial extension services in many Asian, African and Latin American countries are ineffective in working with small-scale rural entrepreneurs. Support usually goes to projects that can be appraised with sophisticated cost-benefit techniques which are inappropriate for small enterprise proposals.

## Deficiencies

The deficiencies of support organisations are most apparent in their reluctance to provide adequate amounts of capital to rural entrepreneurs, who, lacking management, accounting and technical skills and knowledge of banking and credit systems & procedures, are often frustrated by the complexities of the lending procedures.

Yet an extensive institutional infrastructure for industrial development already exists in most developing nations, governments frequently face difficult decisions about expanding these organisations to take on new roles in promoting small-scale industrialization limiting them to dealing with large industries or abolishing them and creating new institutions more effective at serving small-scale entrepreneurs. In any case, these decisions require an explicit assessment of the viability of existing support organisations. If it is found that they cannot be made effective instruments for achieving national policy targets, the problem remains of creating new institutions.

## Systematic Support:

It can be seen in the official bulletin of many planning agencies or government commissions that many governments have introduced new provisions of supporting these industries. It will be ridiculous, as realised by many policy-makers that when these provisions cannot adopt the existing socio-economic situation of the country-concerned, the application also, to a greater extent, may not be observed systematically at all. Mostly, the executives are not able to travel on foot and inspect the projects on work located at a distant rural area. The policy guidelines are formulated, either on the basis of reference books, used as a student abroad or on the submissions of the clerical level personnel, who lack the knowledge of planning process. In such trapped principles of plan formulation, one can hardly see and expect a systematic movement to development. Various institutions involved in the process of small-scale industrial promotion, are yet lacking the direction of practical applications.

Despite hapazard behaviour with the enterprises, however, few governments have systematically assessed the performance of industrial service organisations. The running of various vocational trainings, the inspiration through market penetration and protection against foreign competition and the assistance of financial and technical networks, are the major steps adopted by some governments. But these services are mainly concentrated on metropolitan centres. The isolated, far from capital areas do not flourish with such treatment. In this respect, there is very poor linkage system of rural areas with the urban ones.

# ZIA REITERATES PLEDGE OF POLITICAL FRAMEWORK BY AUGUST 14

Karachi MORNING NEWS in English 1 Feb 83 pp 1, 10

[Text] President Gen. Mohammad Zia-ul-Haq said here yesterday that the new political framework which he would announce by Aug. 14 would not be imposed against the will and wishes of the masses.

Talking to newsmen at the Karachi airport after bidding farewell to the President of the Republic of Nigeria Al-Haji Shehu Usman Aliyu Shagari, he said that the political structure of the country would be based on the Islamic principles.

President Zia said that mutual understanding between the people and the Government would be accorded priority while framing the political structure of the country. "We cannot implement such important things without the approval and support of the people," he added.

The difference between the Islamic way of government and the Western democratic system, the President observed, would also be kept in mind for evolving the country's political set-up. The task of framing the political structure had already been assigned to the four committees, and as soon as the committees finalised their work, he would consult with his colleagues, besides eliciting public opinion, he added.

Replying to a question, he said that the quorum of the Majlis-i-Shoora (Federal Council) would be completed as he would nominate the remaining members after the forthcoming session of the Council to be convened next month.

To a query, President Zia emphatically denied that he was considering to hold a referendum seeking the people's mandate for him to remain in power for long.

Referring to his recent interview while appeared in SUNDAY TIMES, he said that a Pakistani Urdu paper had reproduced the same quite out of context.

Clarifying his interview published in the SUNDAY TIMES, he had stated that "no individual or government could remain in power unless he or it has the support and cooperation of the people." How I can remain in power without the support and cooperation of the masses, he said, and added that he was not going to quit power so easily: "I am not going to take to my heels," he uttered in a lighter mood.

To a question, he said that he would undertake a tour of Sind after the conclusion of the forthcoming Federal Council session.

He strongly denied the reports which appeared in a section of the Press that Mr Yousuf Haroon had discussed with him any specific formula regarding the political structure of the country. The President described the meeting as courtesy call.

Replying to yet another question, the President said that the Pakistan Day (March 23) would be celebrated with fervour and enthusiasm. However, there would be no sensational announcement on the occasion, he added.

Lauding the sincere and valuable efforts being made by the Chairman of the Uman Peace Mission to end the Gulf war, the President said that all fresh efforts in this connection now depended on the Chairman.

#### F-16 Aircraft

The President said that the entire lot of F-16 Pakistan would get from the United States of America would be equipped with the all required accessories, including modern radar and other electronic equipment.

Replying to a question, the President said that by the grace of Almighty Allah, the issue raised in the US Congress some time back about the provision of modern electronic equipment in the F-16 had now been amicably resolved.

To another question, he said all the F-16 planes would be received as per schedule.

Answering another question regarding the recent induction of a sea harriers into the Indian Navy, the President replied that Pakistan Navy was comparatively smaller and it was not advisable for Pakistan to have an aircraft carrier in its naval fleet.

PPI adds:

The President said Pakistan had a small navy and "we have not much resources. However, as we strengthen our naval fleet and the need arose, we will also try to acquire an aircraft carrier."

President Zia ul-Haq emphasised that his Government had been following a definite policy for the purchase of arms from abroad and all such purchases had been made on government-to-government basis. "No intermediary are involved," he added.

CSO: 4600/291

## LAHORE STUDENTS BLOCK ROAD

Karachi DAWN in English 1 Feb 83 p 12

[Text]

LAHORE, Jan 31: Local police have taken into custody four students of the Government Islamia College, Civil Lines — all of them belonging to Islami Jamiat Tulaba — for taking out a procession and hijacking 11 buses of the Punjab Urban Transport.

The students who were raising slogans against the Russian invasion of Afghanistan also pelted stones on the police. The students after forcefully taking the buses into possession punctured them and blocked the roads crossing of the district courts on The Lower Mall. However, no case was registered against them as the negotiations between the representatives of the students and the police were in progress.

It may be mentioned that the students belonging to IJT had marched in protest on The Mall a couple of days ago against the recent visit of the Russian troupe to Pakistan.

## KU students backed

PPI adds:

Some 500 students belonging to Islami Jamiat Tulaba today blocked the road near the offices of the Postmaster-General here on The Lower Mall to press for their demand for the release of students of Karachi University and payment of Rs. 1 lakh as compensation to the parents of Usman, a student who fell down from the Volvo bus near Faisal Chowk some days ago.

The district administration intervened and restored the traffic after half an hour.

Meanwhile, Mr Shahid Naseer, Vice-President of the Students Union Islamia College, Civil Lines, has asked the administration to meet their demands.

CSO: 4600/290

## POLICE USE TEARGAS ON DEMONSTRATING STUDENTS

Karachi DAWN in English 1 Feb 83 pp 1, 12

[Text]

Police fired teargas shells and resorted to lathi charge to disperse the demonstrating students at the Airport Terminal II late yesterday afternoon.

Several policemen and students sustained minor injuries. However, none had reported at any of the major hospitals of the city till late last night.

The Airport police rounded up six demonstrators on charge of rioting, hooliganism, damaging public and private property, disrupting vehicular traffic, and preventing public servants from discharging their official duties.

They were identified as Iftikhar Burney of Sind Medical College, Atiq Akhtar of Dow Medical College, Mohammad Musharaf Hussain of the University of Karachi, and Ruzwan Sabir, Masrur Ahmed and Rao Mohammad Shahid of the NED University of Engineering and Technology.

They were booked under Sections 147/148/451/336/353 and 427 PPC.

All of them were held during the disturbance at Karachi Airport.

The students came in six buses belonging to the NED University of Engineering and Technology, Dow Medical college, Sind Medical College and the Karachi University.

They managed to reach the Star

Gate where they made an attempt to hamper the vehicular traffic. Some of them pelted stones at the moving vehicles. After persuasion, they went towards the Airport terminal where they staged a noisy demonstration for quite sometime.

Some vehicles, including taxis and private cars parked in the area, were hit by the stones and were damaged.

Police resorted to teargas shelling to disperse the students. Some of them tried to enter the Airport terminal building but the police frustrated their bid.

Later, the students dispersed from the Airport area as the police seized four of the buses in which they were roaming about in the city.

Police sources claimed that the students had brought stones in the buses and pelted these on the policemen on security duty for the arrival and the departure of the President of Nigeria.

Another group of students seized two NLC containers on the main Sharae Faisal and used them in blocking the traffic.

At another point, the demonstrators seized damaged tyres from a nearby petrol pump and set them on fire on the main road.

At another point on Sharae Faisal, the students seized two more

buses and used them in blocking the vehicular traffic. The police cleared the passage by removing the buses whose tyres were deflated.

The students belonging to the Islami Jamiat-i-Tulaba (IJT) claimed that mobile police chased their buses and fired teargas shells all the way.

Police sources did not confirm the charge.

Students also claimed several arrests by the police but they did not name the detenus.

As office-bearers of 10 different IJT students unions reiterated the four demands, including release of students now facing trial for killing Qadeer Abid in the July 1 campus firing case, Mr. Vagor Akmal Javed, brother of the deceased, who deposed before the re-investigating Officer alleged that he and his family had received threatening letters from unknown persons.

In an application, he appealed to the Sind police chief to provide him security against those threats.

SIND GOVERNMENT URGED TO DISTRIBUTE GUNS TO PEOPLE

Karachi DAWN in English 1 Feb 83 p 4

[Text]

HYDERABAD, Jan 31: The Government of Sind has been requested to provide 200 single barrel guns from Government armoury for selling to the law abiding people on nominal rates and for whom licences would be issued under "self-defence voluntary programme" in Hyderabad District.

This was stated by the District Magistrate, Hyderabad, Syed Roshan A. Zamir, while presiding over District Crime Control Committee meeting on Saturday.

He asked the members of the Committee to encourage the people of all villages of their areas for getting arm licences under "Self-Defence Voluntary Programme" and appealed to them to give the names of the anti-social elements and dacoits in their area to the committee so that proper action could be taken against them.

The District Magistrate advised the members to send their suggestions/complaints to be discussed in the meeting well in time so that they could be included in the agenda.

He disclosed in the meeting that 75 per cent paths in the jungles of Matahari Sekhar, Hala and Husri police station areas had been completed for the smooth moving of law enforcing agencies to curb the activities of anti-social elements and hoped that the remaining 25 per cent work would be completed very soon.

CSO: 4600/290

## MRD LEADERS URGE SHOORA NOT TO AMEND EVIDENCE LAW

Karachi DAWN in English 1 Feb 83 p 12

[Text]

Six leaders of the MRD have demanded that the Majlis-e-Shoora should not take up the proposed amendment in the Law of Evidence which aimed at "equating the evidence of two women with that of one man" and instead leave it to a "duly elected representative assembly" which alone could settle the matter under the 1973 Constitution.

The proposed amendment has "unjust and damaging implications for women and their status and role in the society", they said in a signed statement adding that "not only is this law discriminatory but it also finds no support whatsoever from any Quranic injunctions".

Because the present Government did not have the mandate of the people, all its actions are controversial including the programme of Islamisation", the statement said.

On the other hand, the Council of Islamic Ideology had "no authority whatsoever to work and recommend outside the ambit of the Constitution of 1973", the statement said.

In this perspective, any laws enforced through the Shoora will be *ultra vires*, it added.

Steps of a far-reaching nature affecting the fate of the women of Pakistan who comprise half the population of the country, can only be taken by a duly elected representative Assembly under the 1973 Constitution," it stressed.

The six MRD leaders, who signed the joint statement are: Mr Ghulam Mustafa Jatoi, Sardar Sherbaz Khan Mazari, Khwaja Khairuddin, Mr Mushir Ahmad Pesh Imam, Mr

Moin, Muhammad Khan, and Mr Fatehbab Ali Khan.

The lengthy statement quoted extensively from the Holy Quran and the authorities on Islamic jurisprudence in support of the contention that the evidence of women was in no way inferior to that of men.

In particular, it cited the famous evidence of Hazrat Naila, wife of Hazrat Usman, the only eyewitness to the martyrdom of the Third Caliph of Islam; or the evidence of Hazrat Khadija who was the first to testify to the truth of the Holy Prophet's revelation; or the testimony of Hazrat Aisha through whom so many of the authentic traditions of the Holy Prophet have been passed on to us.

On the other hand, the only "Aiyat" which "specifically mentions the evidence of one man and two women is found in Sura Al-Baqr (verse 282) and is related solely to business transactions", the MRD leaders maintained, explaining that "here also men and women are seen as equal witnesses, the role of the second woman being only that of a reminder and not of primary witness".

Besides quoting from the Holy Quran and other relevant sources, the statement recalled that very recently the Federal Shariat Court had rejected the plea that women cannot be appointed as Qazis.

In that context also a great deal of evidence was recorded to prove the same point, it said. "Obviously, therefore, if women can be appointed Qazis, they can also give evidence in their own right," the statement added.

# OVER 2,500 DOCTORS TO BE SENT TO SAUDI ARABIA

Karachi MORNING NEWS in English 1 Feb 83 p 10

[Text]

ISLAMABAD, Jan 31: Two thousand five hundred young doctors, who have completed their house jobs will be provided employment in Saudi Arabia with a period of five years from 1983 to 1987.

Disclosing this at a press conference held here this morning the Federal Health Minister Dr Nasiruddin Jozegai said that during his recent visit to Saudi Arabia he had concluded two separate agreements for the employment of doctors as well as other hospital staff with the Saudi Government.

Giving details he said that according to the first agreement 500 young doctors, who have done their house jobs will be sent to Saudi Arabia each year.

He said the pay and service structure and details of other facilities were likely to be received through our Consulate in Riyadh thereafter, the selection of young doctors would be made and their ser-

vices would be placed at the disposal of Saudi Government within two months period.

Through another agreement reached between him and his Saudi counterpart, Pakistan will provide the entire staff from medical superintendent to peon and sweeper for a 200-bed hospital at Mecca. The hospital will be administratively managed by the Pakistani staff entirely.

In reply to a question, he said on successful management of the first 200-bed hospital in Mecca, two more such hospitals would also be placed under the administrative control of the Pakistani staff later at Madina Sharif and in Jeddah.

He said the Saudi Government had also agreed to provide more facilities to Pakistani professors and highly qualified specialists sent on deputation to Saudi Arabia for two to three months to teach in Saudi research institutes and colleges.

CSO: 4699/291

# PRIVATE SECTOR SHOWS INTEREST IN GHEE UNITS

Karachi MORNING NEWS in English 1 Feb 83 p 1

[Text] Local entrepreneurs have expressed interest in the purchase of units of the Ghee Corporation of Pakistan. However, the management of the corporation remains non-commercial as they await a directive from the Government regarding disinvestment.

The Ghee Corporation of Pakistan (GCP), which is to manufacture approximately six lakh tons of ghee this financial year, contains about six units which have reportedly been running in loss.

Federal Minister for Industries Mr Illahi Bux Soomro, had indicated that the Government intended selling these units to the private sector.

Mr Soomro had also stated that the Government's decision to disinvest some of the vanaspati production units was still valid.

Local entrepreneurs and Pakistani businessmen abroad have put forth tenders for the purchase of these units, which are being heavily subsidised by the Government in spite of recurrent losses.

Some of the previous owners too have appealed to the Government to hand over the sick ghee units to them. But no decision has been taken by the Government.

Mr Haider Ali Shoro, Resident Director, GCP; while speaking to MORNING NEWS said that the issue of the disinvestment of ghee units of the GCP was a policy decision.

At present they have no directive regarding the sale of ghee units to the private sector.

Meanwhile, local entrepreneurs are concerned over this ambiguous situation and are questioning whether the sale of the units will be done through informal contacts or formal procedures.

Some of the units that could be disinvested are reported as near bankruptcy cases. The Federal Government presently is issuing a liberal loan facility for expansion programmes and is also issuing sanctions to start Ghee units, even if the sanctions are finally not utilised.

It may be mentioned that Pakistan is presently self sufficient in its ghee requirement, according to GCP sources. The Government is presently trying to curtail the edible oil import and raise local production.

Mr Illahi Bux Soomro, it is learnt, has still kept the option of the sale of ghee units open and is postponing the sale for better offers.

Meanwhile, to local businessmen the issue of the sale of the ghee units is a subject of much skepticism. Since the GCP sources are officially not admitting that the units are to be sold, to the private sector.

CSO: 4600/291

PIA SEEKS LOANS TO BUY AIRCRAFT

Karachi MORNING NEWS in English 28 Jan 83 p 5

[Article by Azizullah Sharif: "PIA Seeks Loans To Buy Two Second-Hand Aircraft"]

[Text] The PIA has telexed all the international banks and companies dealing with the aircraft transactions for their offers of loans for the purchase of two second-hand aircraft after having received green signal from Islamabad.

It may be mentioned here that since the PIA has never been defaulter in payments of bank credits a good number of international banks are likely to offer loans to PIA for the purchase of two second-hand planes to cope with the increasing number of passengers.

According to an aviation sources a regional airline of West Germany "Hapag Lloyd" is in touch with the PIA management with a view to dispose of one of its A-300 aircraft.

To purchase a new A-300 aircraft any airline of the globe has to wait a long while the same planes which have done only few hours flying are also not available in the market.

The A-300 aircraft which the "Hapag Lloyd wants to sell to PIA it is learnt is not according to the PIA's fleet specification."

According to a national carrier's official PIA has a good reputation in the international aviation market hence it would not enter into any transaction where there will be any minute doubt.

Meanwhile the PIA management is awaiting the response from some international banks and companies which deal in aircraft transactions and only then it (PIA) will make the choice it was further learnt.

CSO: 4600/291

## COMMENTARY CONTRASTS F-16, LACK OF KEROSENE

Karachi DAWN in English 31 Jan 83 p 9

[Article by M.A. Mansuri]

[Excerpt]

However, the most important and colourful event of the week was the induction of Squadron No 11 of the PAF--the F-16 Squadron--entrusting it with the operation of the first batch of six F-16s which was received early this month. The rest of the 34 planes contracted for will be delivered to Pakistan over the next three years, as already scheduled.

There is nothing even remotely parallel between F-16s and candles or kerosene oil. But there were people in Islamabad last week who were so taken up with their day-to-day economic problems that some of them would much rather want the Government to give urgency to the availability of candles and kerosene than to the acquisition of F-16. Just proves how logic and perceptions get distorted when people are hard pressed by problems of bare existence.

Anyway, it was exhilarating to watch a solo performance on one of the recently acquired F-16s by a young PAF officer, one of the group which completed a course of 42 months' training in less than a year. The programme of fly-past at the Sargodha Air Base, where the President presented the colours of the

F-16 Squadron to one of the finest squadrons of the PAF, had to be restricted to a solo performance because of cloudy weather and widespread rains in the region. I was among the lucky newsmen from Islamabad who were taken in a C-130 to watch the impressive ceremony at Sargodha.

The President was naturally very happy on his success in acquiring this finest aircraft for the PAF. He willingly posed for photographs with members of the US technical staff which had come with the F-16s, and gave autographs to many of foreigners and Pakistanis present on the occasion. He also thanked the US President and Government for their understanding of, and help in respect of, Pakistan's security needs.

The USIS in Islamabad also reported last week that the interest in the US Business community to invest in Pakistan was growing and the Overseas Private Investment Corporation in Washington would sponsor an investment mission to visit Pakistan from April 21 to 29. It said that during his recent State visit to the US, President Zia had pledged full protection for American investments in Pakistan. He had also promised to simplify bureaucratic procedures and announced the formation of a commission to recommend further improvements in the investment procedure and climate in Pakistan. It added

## 2.2 BILLION RUPEES EARMARKED FOR BALUCHISTAN PROJECT

Karachi DAWN in English 1 Feb 83 p 74

[Text]

QUETTA, Jan 31: A total amount of Rs. 2,229 million is being spent on Federal projects in Baluchistan in agriculture, transport and communication, water and power, telephone and telegraph mineral resources sectors and on projects under the special development programme during the current financial year.

This was told to the second session of the high level meeting held here on Sunday under the chairmanship of the Chief Secretary to the Baluchistan Government, Mr Saleem Abbas Jilani.

The meeting which lasted about

five hours, reviewed and discussed the progress of the projects being carried out in Baluchistan by Federal agencies in various sector.

The meeting was informed that WAPDA was spending 91 million rupees under the annual development programme 1982-83 while funds have also been allocated for the projects under the special development programme.

In addition, the CIDA, ADB, and Kuwait Fund were also providing assistance for rural electrification.

The meeting was further informed that 49 villages under the annual development programme

forty with funds provided by the Asian Development Bank and 300 villages with Kuwait Fund would be electrified. Work is in progress on construction of grid stations and transmission lines in various parts of the province including Mangochaur, Kalat, Surab, Kirdgao-Noshki, Sibi-Bagh, Sibi-Harnai-Loralai, Pishin-Gulistan transmission lines while grid stations are under construction at Surab, Kalat, Killa Abdullah, Sariab, Sor Range and Marriabad.

Most of the projects would be completed during the current financial year.—PPI

CSO: 4600/290

## AREA UNDER SUGAR CANE CULTIVATION DECLINES

Karachi MORNING NEWS in English 28 Jan 83 p 5

[Text]

The area under sugarcane crop for 1982-83, according to the first all Pakistan estimate, is estimated at 882,000 hectares as compared to last year's final estimate of 946,200 hectares. It represents a decrease of 6.8 per cent.

In the Punjab, the crop is reported to have been planted on 604,600 hectares this year as compared to 670,200 hectares in 1981-82. This shows a decline of 9.8 per cent in area partly due to low prices of gur during the crushing season, specially at sowing time and due to difficulties encountered in the disposal of cane to mills and recovery of sales proceeds.

The area under sugarcane crop in Sind this year is estimated at 173,400 hectares as

against 174,100 hectares estimated for the year 1981-82. This shows a nominal decrease of 0.4 per cent which is due to prolonged crushing season which partly damaged the ratoon crop.

In NWFP, an increase of two per cent has been observed in area which is reported at 103,200 hectares for the current year as against 101,300 hectares for the year 1981-82. The increase is attributed to attractive prices of cane and gur and favourable weather conditions at the time of sowing.

The crop in Baluchistan is grown on a nominal scale. The area this year has been estimated at 800 hectares as against 700 hectares reported in the second estimate of 1981-82.—APP.

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## BRIEFS

**BUMPER WHEAT CROP**--Islamabad, Jan 31--The country is likely to harvest the richest ever wheat crop this year, Dr Amir Mohammad, Chairman, Pakistan Agricultural Research Council said here today. Outlining the prospects of the current wheat crop, in an interview with APP, he said that keeping in view the present conditions "I can say bumper wheat crop is coming, but we will have to wait till it comes to maturity as it is a roofless industry." The chairman said the crop has been sown in a record area in the barani as well as the canal-commanded land exceeding even the target fixed by the Government.--APP [Text] [Karachi DAWN in English 1 Feb 83 p 1]

**SUMMONS FOR GHAFFAR, WALI**--Peshawar, Jan 31--Special Military Court No 5, Karachi, has summoned Khan Abdul Ghaffar Khan, and his son, Abdul Wali Khan, leader of defunct NDP, to appear before the court at 10 a.m. on Feb 15 next in Jam Saqi case. These summons have been issued by the Military Court in the case State VS Mohammad Jam Saqi, under Section 4/13/18/36 MLR 1977, FIR No. 236/80, police station, North Nazaimabad, Karachi. Khan Abdul Ghaffar Khan and Khan Abdul Wali Khan, both have signed the summons and expressed their willingness to appear before the court. Abdul Wali Khan has, however, expressed his fear that the orders of his externment from Sind would hinder him from entering into Sind and as such it would be appropriate for the Military Court authorities first to get those orders of Government of Sind undone to enable him to attend the hearing and contribute his part.--PPI [Text] [Karachi DAWN in English 1 Feb 83 p 1]

**KARACHI-HUB RAIL LINK**--Quetta, Jan 31--Hub in Lasbela district which is coming up as a potential industrial base in Baluchistan will be linked up with Karachi by a railway line if the Federal Government agreed with a proposal sent to Islamabad by the provincial Government. Baluchistan Government is learnt to have approached the Federal authorities to consider the proposal which would go a long way in providing cheap and quick transportation for industrial production of the area. An industrial estate involving an expenditure of seven hundred million rupees has already been set up at Hub. Estate spreading over an area of 1100 acres comprises 1,257 fully developed plots for allotment to 800 industrial units. The Hub industrial estate has been divided into six sectors catering for setting up of electrical and light engineering, iron and steel, chemical, mechanised processing work and small industries. Plots in the estate have already been allotted for setting up of 23 industrial units. [Text] [Karachi DAWN in English 1 Feb 83 p 1]

KARACHI STUDENTS STRANDED--Several hundred University students were stranded for some hours in the Karachi University Campus yesterday as the police prevented the KTC buses from entering the Campus from 11 a.m. till early afternoon. The buses heading for the Campus were diverted back from the NIPA roundabout where a strong police posse remained on the alert since morning to prevent the protesting students from taking out a procession or abandoning the vehicles after deflating the tyres. Most students, including girls, travelled by the overcrowded minibuses heading towards Malir Cantonment or the T.B. Sanatorium to get beats in the city-bound vehicles from the terminal points there. The Duty Magistrate allowed two buses to take school children of the University staff from the NIPA roundabout to the Campus. Having failed to get hold of the buses, the supporters of Islami Jamiat-i-Tulaba gathered in front of the Administration Block and raised slogans in support of their demands. [Text] [Karachi DAWN in English 1 Feb 83 p 12]

CSO: 4600/290<sup>0</sup>

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